COVER SHEET

			1	7	5	2	2	2			

S.E.C. Registration Number

P.S.E. Control Number

V I V A N T   C O R P O R A T I O N

(Company's Full Name)

9 T H   F L R .   O A K R I D G E   I T   C E N T E R   3
O A K R I D G E   B U S I N E S S   P A R K   A . S .
F O R T U N A   S T   M A N D A U E   C I T Y ,   C E B U

(Business Address: No. Street City/Town Province)

Joan A. Giduquio-Baron	(032) 232-0283, 234-2256 and 234-2285
Contact Persons	Telephone Number of the Contact Person

1 2	3 1	**SEC FORM 17-A**	0 6	1 7
Month	Day	FORM TYPE	Month	Day
Fiscal Year				

N/A

Secondary license Type, If Applicable

C F D	
Dept. Requiring this Doc.	Amended Articles Number/Section

1,410	1,023,425,779	30,919
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

LCU

Document I.D.

Cashier

Remarks = Pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **2022**

2. SEC Identification Number **175222**

3. BIR Tax Identification No. **242-603-734-000**

4. **VIVANT CORPORATION**
   Exact name of issuer as specified in its charter

5. **City of Mandaluyong** (SEC Use Only)
   Province, Country or other jurisdiction of incorporation or organization

6. Industry Classification Code:

7. **VIVANT CORPORATION**
   9th Floor, Oakridge IT Center 3, Oakridge Business Park,
   A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu — **6014**
   Address of principal office — Postal Code

8. **(6332) 234-2256; 234-2285**
   Issuer's telephone number, including area code

9. **Not Applicable.**
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**1,023,456,698**
Amount of Debt Outstanding	**Php8,531,307,680**

11. Are any or all of these securities listed on a Stock Exchange.

    Yes [x]   No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:

    Philippine Stock Exchange — **Common Stock**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [x]   No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [x]   No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

246,860,153 x Php 13.64 = Php 3,367,172,486.92

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

1. Business Development

Vivant Corporation (Vivant or the Company) is a publicly listed holding company that, through its subsidiaries and affiliates, has interests in various companies engaged in the electric power generation (renewable and non-renewable energy), electric power distribution, and retail electricity business. The Garcia-Escaño family of Cebu (the Family) collectively owns approximately 76% of the outstanding capital stock of Vivant as of December 31, 2022.

Vivant's history can be traced back to Viuda y Hijos de F. Escaño Incorporada, the successor of the enterprise that Don Fernando Escaño founded in 1879, which came to be known as Hijos de F. Escaño Inc. (HDFE). The entry into the power industry dates back to the early 1900s when the Family diversified its business interests (mainly shipping and trade) to include electricity power distribution when it took over the operations of the Visayan Electric Company, Inc. (VECO). VECO was the power distribution utility serving the electricity requirements of the City of Cebu and its surrounding municipalities.

The Second World War caused significant damage to the facilities of VECO. It was during the close of the war in 1945 that initiatives of VECO, alongside with the US Army, allowed the resumption of its operations to its pre-war levels. Staff levels were increased up, while investments in new machineries and equipment poured in. Currently, VECO stands as the second largest privately-owned electric power distribution utility in the Philippines in terms of annual gigawatt-hour (GWh) sales. As of end-2022, Vivant has an effective equity interest of approximately 35% in VECO.

In 2002, the Family acquired 99% of Philstar.com, a company listed in the Philippine Stock Exchange (PSE). Subsequently, the Family's holdings in HDFE and VECO were infused to this company. Philstar.com was eventually renamed Vivant Corporation.

Starting in 2007, Vivant, through its subsidiaries and affiliates, started its foray into the power generation business via equity investments in the following generation companies:

- Cebu Private Power Corporation (CPPC), owner and operator of a 70 megawatts (MW) diesel-fired power plant located in the island of Cebu;
- Delta P, Inc. (DPI), owner and operator of a 16 MW diesel-fired power plant in Palawan; and
- Cebu Energy Development Corporation (CEDC), a project company that owns and operates a 246 MW coal-fired power plant in Toledo City, Cebu.

The Company likewise participated in the government's privatization efforts conducted by the Power Sector Assets and Liabilities Management (PSALM):

- Acquisition of the 0.8 MW Amlan Hydroelectric Power Plant in Negros Island in 2009; and
- Appointment as the Independent Power Producer (IPP) Administrator of the 70 MW Bakun Hydroelectric Power Plant in Alilem, Ilocos Sur in 2009

In 2010, Vivant, through one of its subsidiaries, 1590 Energy Corp. (1590 EC) entered into an agreement with the Provincial Government of La Union (PGLU) for the management and operation of the 225 MW Bauang diesel-fired power plant (Bauang Plant). On April 1, 2022, 1590 EC submitted its bid proposal to PGLU during its Public Auction Sale for the power plant. On April 19, 2022, after evaluation and verification of the bid proposal of 1590 EC and payment in full of the purchase price in the winning bid proposal, a Deed of Transfer and Conveyance was executed between 1590 EC and PGLU over the Bauang Plant and the land where it is located.

In December 2012, Corenergy Inc. (Corenergy), through wholly-owned subsidiary Vivant Energy Corporation (Vivant Energy), was incorporated as the Retail Electricity Supply (RES) company of Vivant.

In April 2013, the Company, through one of its associates, broke ground for the construction of the 8 MW bunker- and 750 kW diesel-fired power plants in the municipalities of Coron and Busuanga, respectively. The plants commenced commercial operations in the last quarter of 2014 and have serviced the power requirements of the local distribution utility via a Power Supply Agreement (PSA).

In November 2013, Vivant, through wholly-owned subsidiary Vivant Energy, participated in the public bidding process conducted by PSALM for the selection and appointment of the IPP Administrator for the Strips of Energy of the Unified Leyte Geothermal Power Plants (ULGPP) located at Tongonan, Leyte. On January 29, 2014, PSALM declared and selected Vivant Energy as the Winning Bidder for Seventeen (17) Strips of Energy of the ULGPP. This allowed Vivant Energy to sell 17 MW of geothermal power from ULGPP beginning January 1, 2015. In October 2019, the Administration Agreement for the Selection and Appointment of IPP Administrators for the Strips of Energy of the ULGPP between Vivant Energy and PSALM was terminated.

In January 2014, Vivant signed a Notes Facility Agreement (NFA) to issue Php 3 billion (bn) in Fixed Rate Corporate Notes (FRCN). The offering was fully subscribed by a consortium of local banks. Proceeds of the issue, which were in 2 tranches, were earmarked to partly fund the Company's and its subsidiaries' capital projects.

In February 2014, a Memorandum of Understanding was executed by wholly-owned subsidiary Vivant Integrated Generation Corporation (VIGC) and Mindanao Energy Systems, Inc. (Minergy) that involved the possible equity investments by VIGC in Minergy's future power generation projects. Subsequent to this, a Subscription Agreement between VIGC and Minergy Coal Corporation (MCC) was executed, which allowed VIGC to subscribe to 40% of all issued capital and shares of MCC. MCC is the project company that was set up by Minergy to build, own and operate a 3x55 MW coal-fired power plant in Balingasag, Misamis Oriental. Construction commenced in the first quarter of 2014. In 2015, MCC changed its corporate name to Minergy Power Corporation (MPC). The power generation facility started to feed into the franchise area of Cagayan de Oro Electric Power and Light Corporation (CEPALCO), which covers the City of Cagayan de Oro and adjoining towns, in September 2017.

On August 27, 2014, a shareholders' agreement between VIGC and Therma Power, Inc. (TPI) was signed. This agreement involved the investment by VIGC in Therma Visayas, Inc. (TVI), the project proponent for the construction and operation of a 2x170 MW coal-fired power generation facility in Toledo City, Cebu. The agreement involved the entry of VIGC into TVI for a 20% equity stake. Construction commenced in the first quarter of 2015. Commercial operations for Unit 1 and Unit 2 commenced within the first half of 2019.

In December 2015, after the successful conduct of a Competitive Selection Process (CSP) by the Palawan Electric Cooperative (PALECO), DPI was declared as the winning proponent and awardee of the 15–year PSA for a 26.65 MW Gross Dependable Capacity. Consequently, DPI embarked on an expansion program in 2016 involving the construction of a 30 MW diesel-fired power plant. The power plant facility started to feed into the PALECO service area in the second quarter of 2017.

In September 2016, Corenergy obtained its 5-year RES license from the Energy Regulatory Commission (ERC) and started supplying to retail customers in Luzon starting in 2018. It secured its 5-year RES license renewal in September 2021.

In January 2017, 1590 EC signed a 5-year Ancillary Service Procurement Agreement (ASPA) with the National Grid Corporation of the Philippines (NGCP). This involved the provision of Dispatchable Reserve on a non-firm basis. The ASPA became effective in May 2017, after obtaining Provisional Approval from the ERC.

In May 2017, Vivant entered into a joint venture with ET Energy Pilipinas Holding Corporation (ET-Pilipinas). The joint venture was established for the purpose of exploring opportunities in the solar rooftop space. Through 100%-owned Vivant Energy and Vivant Renewables Energy Corporation (VREC), the Company initially had 60% ownership in the joint venture company, Vivant Solar Corporation (Vivant Solar). In November 2019, Vivant Energy and VREC bought out ET-Pilipinas, making Vivant Solar a wholly-owned subsidiary of Vivant.

Also in May 2017, a Commencement/Stay Order was issued by the Cebu City Regional Trial Court (RTC) Branch 11 in favor of 48%-owned Vivant-Sta. Clara Northern Renewables Generation Corporation (NR) pursuant to a Petition for Corporate Rehabilitation. NR was the IPP Administrator of the 70MW capacity of the Bakun Hydroelectric Power Plant. In October 2018, North Renewable Energy Corporation acquired all of Vivant Energy's and VREC's shareholdings in NR.

In December 2017, Vivant, through wholly-owned subsidiary VIGC, and Global Business Power Corporation (GBPC) signed a Pre-Development Agreement to jointly participate in a project that involved the construction and operation of a 2x335 MW power plant in La Union. This project will be undertaken through Global Luzon Energy Development Corporation, a special purpose vehicle that was set up where Vivant has an effective ownership of 42.5%.

Also, in December 2017, Vivant Energy and ICS Renewables Holdings, Inc. (ICS Renewables) executed a Deed of Sale with Assignment of Subscription Rights, which effectively transferred Vivant's ownership in Amlan Hydroelectric Power Corporation (AHPC) to ICS Renewables by year-end. A Deed of Sale with Assignment of Subscription Rights was likewise executed by Vivant Energy and ICS Renewables, which effectively transferred ICS Renewables' shares in 1590 EC to Vivant Energy. As of year-end 2017, Vivant Energy increased its equity stake in 1590 EC from 52.7% to 55.2%.

In May 2018, Sabang Renewable Energy Corporation (SREC) broke ground for the construction of a hybrid power generation facility in Bgy. Cabayugan, an unelectrified area in Puerto Princesa. The project is composed of a 1.4 MW solar power generation plant, a 2.3 MWh storage facility and a 1.28 MW diesel-fired power generation unit. SREC will be the first to operate a smart hybrid power plant facility in an off-grid area. In addition to generating power, SREC will also be responsible for distributing the electricity produced by the power plant to its consumers through its 14 km line under a Qualified Third-Party (QTP) Subsidy and Service Agreement with the National Power Corporation (NPC) and the Department of Energy (DOE). In November 2021, the Company sold its 30% equity in SREC to Maharlika Clean Power Holding Corp.

In June 2018, Vivant Solar purchased the shares of ET-Pilipinas in special purpose vehicle Corenergy Solar Solution Corp. (CSSC), the special purpose vehicle where all rooftop solar projects of Vivant are currently housed. In November 2019, CSSC declared commerciality for a 1.35MWp Solar Photovoltaic Plant in Mandaue City, Cebu. In the same month, Vivant Energy and VREC bought out ET-Pilipinas, making CSSC a wholly-owned subsidiary of Vivant.

In December 2018, the Company established Vivant Infracore Holdings Inc (VIHI), the holding company that Vivant will use to house its business interests across different segments in infrastructure.

In May 2019, Vivant Hydrocore Holdings Inc. (VHHI) was incorporated as Vivant's water-industry arm, which will invest in and manage a diversified water portfolio in the areas of bulk water supply, wastewater treatment and water distribution.

In June 2019, Vivant, through wholly-owned subsidiary VHHI, entered into an agreement with an Israeli firm, Watermatic International Ltd. (WMI), for the creation of a joint venture company Watermatic Philippines Corporation (WMP). This was part of Vivant's endeavors to diversify its investment portfolio to include infrastructure. WMP was envisioned to engage in the design, supply, installation, commissioning, operation, and maintenance of water treatment and waste water treatment plants. Vivant initially owned 50% of WMP. In November 2019, Vivant increased its stake in WMP to 60% through additional subscription of shares.

In November 2019, the Bantayan Island Electric Cooperative, Inc. (BANELCO) concluded a successful CSP by awarding a 15-year contract to supply 15 MW of the island's energy requirements to the joint venture of Vivant Integrated Diesel Corporation (VIDC), a wholly-owned subsidiary of Vivant Energy, and Gigawatt Power Inc. (GPI). In February 2020, INEC and BANELCO signed the PSA. Vivant owns 65% equity in INEC through wholly-owned subsidiaries. Pending the approval of INEC's PSA application, the ERC issued a directive to BANELCO to "source out power from any supplier which it deems fit, to ensure the continuous and unhampered supply of power within its franchise area". Thus, in November 2021, INEC and BANELCO signed an Interim Power Supply Agreement (IPSA). With the incorporation of the SPV, Isla Norte Power Corporation (Isla Norte), the PSA with BANELCO was assigned to Isla Norte. Thereafter, as the new SPV and party to the PSA, on May 5, 2022 the ERC issued a provisional authority in favor of Isla Norte to implement the PSA. The provisional authority became effective upon the expiration of the IPSA. The new 23.3 MW power plant has started commercial operations on May 26, 2022.

In February 2020, VHHI acquired a 45% equity stake in Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS), which owns the Puerto Princesa Water Reclamation and Learning Center Inc (PPWRLC) in partnership with the Puerto Princesa City Government. The acquisition resulted in VHHI ultimately owning 40% in PPWRLC. PPWRLC is the owner and operator of a wastewater treatment facility to help rehabilitate the Puerto Princesa Bay.

In November 27, 2020, Pampanga II Electric Cooperative Inc. (PELCO II) awarded a 15-Year PSA for the Supply of 15 MW Peaking Requirement through a Build-Own-Operate Scheme to the consortium of Vivant Energy and GPI. This was a result of a successful CSP that was conducted by the Third-Party Bids and Awards Committee of PELCO II. The consortium invested into La Pampanga Energy Corporation (LPEC) to implement the rights and obligations of the PSA. The PSA was signed between LPEC and PELCO II on June 10, 2021 and is now awaiting approval by the ERC. Pre-development activities are ongoing with the intention to commence construction of the power plant by the last quarter of 2023.

In December 2020, Vivant signed a NFA to issue Php 3 billion (bn) in FRCN with tenors of 2 years and 5 years. The offering was fully subscribed by a consortium of local banks. Proceeds of the issue will be used to finance capital expenditures for existing assets and investments in power generation and/or water infrastructure projects and partly to refinance the existing 7-year FRCN that matured in February 2021. The outstanding Notes amount to PHP2,950,000,000 after a Php50 million (mn) token amortization paid in January 2022.

In February 2021, Vivant Energy, together with Amberdust Holdings Corp. (AHC) signed a Share Sale Purchase Agreement to acquire 90% of the outstanding shares of Bukidnon Power Corp. (BPC) and Northern Bukidnon Power Corp. (NBPC) from its existing shareholders. BPC owns two diesel-fired power plants with a total installed capacity of 7.3 MW which are contracted to supply the energy requirements of First Bukidnon Electric Cooperative, Inc. (FIBECO). NBPC on the other hand, has a diesel-fired power plant with an installed capacity of 6.56 MW. This capacity is contracted to supply the peaking requirements of Bukidnon Second Electric Cooperative, Inc. (BUSECO).

In March 2021, a Shareholders' Agreement was signed by VREC which will result to its acquisition of up to 34.85% of the total equity in Buskowitz Finance Inc. (BFI). BFI is a solar engineering, procurement and construction company and is considered as one of the biggest players in the rooftop solar installation market in the Philippines.

In June 2021, VHHI was awarded by the Metropolitan Cebu Water District (MCWD) with a 25-year Joint Venture Agreement after a successful conduct of a solicited bidding for the Cordova Bulk Water Supply Project. VHHI will build a utility-scale desalination plant that will augment the bulk water supply of MCWD by twenty thousand cubic meters per day of treated and potable water.

2. Business of Issuer

Through its equity interests in its subsidiaries and associates, Vivant is in the business of electric power generation, electric power distribution, retail electricity supply and water infrastructure in the Philippines. (Please see Exhibit "A" for Vivant's Corporate Structure).

POWER GENERATION

As of end-2022, Vivant Energy holds all of Vivant's interests in the electric power generation business. To date, the Company has built a portfolio comprised of non-renewable power generation plants with total attributable capacity of approximately 377 ..MW. As of December 31, 2022, approximately 64% of Vivant's net income from business segments was accounted for by its power generation business.

The table below summarizes the operating results of the generation companies as of December 31, 2022.

Generation Companies	Energy Sold[1] (in GWh)			Revenue[2] (in Php million)		
COAL						
CEDC[3]	1,787.0	1,794.7	1,793.0	7,718.7	8,984.2	14,458.3
MPC	943.2	835.3	664.2	5,613.0	5,652.6	7,447.5
TVI	1,901.1	2,219.7	2,127.2	8,490.2	10,686.0	15,048.9
DIESEL						
1590 EC	57.1	129.3	174.5	1,702.1	2,559.3	2,820.8
CPPC	27.5	80.5	93.3	997.7	1,275.3	1,060.2
Delta P[4]	72.6	68.2	91.3	905.6	947.8	1,391.7
CIPC	30.2	26.6	35.1	423.3	428.4	644.4
INEC [5]	0.9	10.0	53.6	27.9	92.9	753.8
BPC/NBPC[6]	-	0.2	1.5	154.7	154.7	169.5

Notes:

1. *Figures are at 100%.*
2. *Figures are at 100%.*
3. *Includes billed minimum contracted energy.*
4. *DPI's contract for its old facility expired in April 2020.*
5. *INEC entered into an interim supply agreement with BANELCO and sold power through leased generation units starting August 2020. Long-Term Power Supply Agreement (LTPSA) with BANELCO commenced in May of 2022. INEC was merged into Isla Norte Power Corporation (INPC) last December 2022.*
6. *Investment in BPC/NBPC started in March 2021.*

Cebu Private Power Corporation (CPPC)

Incorporated on July 13, 1994, CPPC owns and operates one of the largest diesel power plants in the island of Cebu – the 10 Caterpillar-MaK-powered 70 MW Bunker C-fired power plant situated on a 1.8-hectare site in the old VECO compound at Brgy. Ermita, Cebu City.

Commissioned in 1998, the CPPC plant was constructed pursuant to a build-operate-transfer (BOT) contract to supply 62 MW of power to VECO.

On April 20, 2007, Vivant acquired from East Asia Utilities Corporation 40% of the outstanding common shares of CPPC. The remaining 60% of the outstanding common shares was acquired by AboitizPower Corporation (AP).

In December 2010, CPPC started selling its excess capacity to the Wholesale Electricity Spot Market (WESM). In July 2013, CPPC and VECO filed an application for a new 10-year PSA with the ERC. Upon approval and implementation, the new agreement will redound to a slightly lower electricity rate for VECO. In August 2021, the CPPC PSA with VECO was terminated.

Delta P, Inc. (DPI)

Established in 1997, DPI is an independent power producer in Palawan operating a 16 MW bunker-fired power plant with 4 units of 4 MW generator sets. In March 2007, GPI acquired the 100% interest of Wärtsilä Technology Oy Ab in DPI. In June 2007, GPI divested and sold a 20% equity stake in DPI to Vivant. Through wholly-owned subsidiary Vivant Energy, Vivant's equity stake increased to 35% in October 2007 through an additional share acquisition from GPI.

The power plant facility of DPI is located on a 25,981 sq.m. parcel of land leased from the City Government of Puerto Princesa at Kilometer 13, North National Highway, Barangay Santa Lourdes, Puerto Princesa, Palawan. Commercial operations started in May 1997 by virtue of a Lease Agreement with NPC, which expired in April 2009. The power generated by the plant served a portion of the electricity requirements of PALECO.

On February 6, 2009, DPI and PALECO signed a PSA for DPI to directly supply PALECO'S power requirements for the next 10 years. DPI and PALECO filed a joint petition with the ERC for the approval of the PSA, which the latter granted on November 9, 2009.

In May 2015, a Share Purchase Agreement was executed between Vivant Energy and GPI, which resulted to a 50:50 equity ownership between the companies.

In December 2015, after the successful conduct of a CSP by PALECO, DPI was declared as the winning proponent and awardee of the 15–year PSA for a 26.65 MW Gross Dependable Capacity. Consequently, DPI embarked on an expansion program in 2016 involving the construction of a 30 MW diesel-fired power plant. In April 2016, DPI and PALECO filed a Joint Application with the ERC for the approval of the PSA. A public hearing was held on February 17, 2017. The power plant facility started to feed into the PALECO service area in the second quarter of 2017.

On February 6, 2019, a fire broke out in the old power plant of DPI which damaged 1 (out of 4) of the engines and the surrounding areas of the older facility. After the rehabilitation was done, 2 engines went back online within 17 days from the incident, and the 3rd engine was running by April 2019.

After successfully supplying PALECO's power requirements for the past 10 years, the PSA of the old plant expired in April 2020. In 2022, DPI started the decommissioning of the old plant. The generating units were completely decommissioned in the same year, while the removal of its auxiliaries were still ongoing as of December 2022.

Abovant Holdings, Inc. (AHI) and Cebu Energy Development Corporation (CEDC)

AHI was established in 2007 as a joint venture between Vivant and AP. The company's main purpose was to invest in a new power plant to be built in Barangay Daanlungsod, Toledo City, Cebu. AHI is 40% owned by Vivant (currently through wholly-owned VIGC) and 60% owned by AP (currently through wholly-owned TPI).

AHI and Global Formosa Holdings, Inc. (Global Formosa), a joint venture between GBPC then of the Metrobank Group and Formosa Heavy Industries, Inc., formed CEDC in December 2008 to build, own and operate a $450 million (mn) 3 x 82 MW coal-fired power plant located in Toledo, Cebu utilizing the latest Circulating Fluidized Bed technology. Commercial operations commenced in 2011. With AHI's 44% stake in CEDC (Global Formosa owns the remaining 56%), Vivant's effective interest in CEDC is at 17.6%.

In October 2009, CEDC signed an Energy Power Purchase Agreement (EPPA) with VECO for the supply of 105 MW of electricity for 25 years. The application for approval was filed with the ERC in the same year and was approved in February 2010. To date, CEDC has signed other EPPAs with electric cooperatives and distribution utilities in Cebu and Bohol. The company's EPPAs will provide contracted minimum energy offtake with fuel cost as a pass-through.

1590 Energy Corporation (1590 EC)

In March 2010, a Memorandum of Agreement (MOA) was entered into between the PGLU, Vivant Energy and GPI wherein the parties agreed to enter into a Sale and Purchase Agreement (SPA) giving Vivant Energy and GPI exclusive right to purchase the Bauang Plant owned by the PGLU until July 25, 2010.

On July 22, 2010, the MOA was amended granting Vivant Energy and GPI the right to an interim management and operation of the Bauang Plant and an extension of the SPA for 6 months or until January 26, 2011. Hence, Vivant Energy and GPI incorporated 1590 EC in July 2010 to undertake all the rights, interests and obligations under the Interim Agreement. On September 10, 2010, Vivant Energy and GPI with the conformity of PGLU transferred all their rights, interests and obligations under the Interim Agreement to 1590 EC.

In December 2010, 1590 EC formally signified its intent to purchase the diesel power plant, thus, a Contract to Sell (CTS) was executed between 1590 EC and the PGLU, the closing of which was subject to certain conditions. In May 2012, a Mutual Rescission Agreement (MRA) was entered into by 1590 EC and the PGLU, thus terminating the CTS. Simultaneously, a MOA was executed by both parties giving 1590 EC the right to preserve, maintain and operate, including the right to use and sell the power generated by the Bauang Plant for a period of one year. In 2013, 1590 EC and the PGLU entered into an agreement to extend the term of the MOA up to end-2015. In February 2015, the parties executed a Second Amendment to the MOA extending the term of the MOA up to end-2018.

In January 2017, 1590 EC signed a 5-year ASPA with NGCP. This involved the provision of Dispatchable Reserve on a non-firm basis. Effectivity of the contract will be upon receipt of a Provisional Approval by the ERC, which was obtained in May 2017.

In December 2017, Vivant Energy and ICS Renewables executed a Deed of Sale with Assignment of Subscription Rights, which effectively transferred ICS Renewables' shares in 1590 EC to Vivant Energy. As of year-end 2017, Vivant Energy increased its equity stake in 1590 EC from 52.7% to 55.2%.

In January 2018, through a bidding conducted by the PGLU, 1590EC was awarded the right to operate and maintain the Bauang Plant through a 5-year lease, which commenced in January 2019.

On April 1, 2022, 1590 EC submitted its bid proposal to PGLU during its Public Auction Sale for the Bauang Plant. On April 19, 2022, after evaluation and verification of the bid proposal of 1590 EC and payment in full of the purchase price in the winning bid proposal, a Deed of Transfer and Conveyance was executed between 1590 EC and PGLU over the Bauang Plant and the land where it is located. Thereafter, 1590EC took control over the land and power assets of the Bauang Plant, as well as the operations and generation output of the plant.

Vivant-Malogo Hydropower, Inc. (VMHI)

VMHI was incorporated in June 2012 as the project company to implement a greenfield power plant project, which will involve the construction and operation of a series of run-of-river hydropower facility in Barangay Kapitan Ramon in Silay City, located in the northwestern section of the Negros Island. VMHI will implement the project in phases, where Phase 1 will involve the construction and operation of a 6 MW power plant facility along the Malogo river. The company has finalized the detailed engineering plans of the facility. Construction of the plant is estimated to be completed after a period of 22 to 24 months. Vivant, however, has decided to put the project on hold given the prevailing transmission constraint in the Negros grid, which is expected to be resolved upon the completion of the Cebu-Negros-Panay 230kV backbone project of NGCP.

Vivant Energy holds an effective equity stake of 67% in VMHI.

Calamian Islands Power Corporation (CIPC)

CIPC was established in October 2010 as the project company to undertake the construction and operation of the 8 MW bunker- and 750 kW diesel-fired power plants in the municipalities of Coron and Busuanga, respectively. In August 2011, CIPC entered into a 15-year PSA with Busuanga Island Electric Cooperative covering the total capacity of the project. CIPC broke ground in April 2013. The Busuanga power station started feeding into the island's grid in the fourth quarter of 2013, while the Coron power station commenced power generation in August 2014.

Vivant Energy has an equity stake of 50% in CIPC.

Minergy Power Corporation (MPC)

MPC, formerly known as MCC, is the project company that was set up by Minergy to build, own and operate a 3x55 MW coal-fired power plant in Balingasag, Misamis Oriental. In May 2014, a Subscription Agreement between VIGC and MCC was executed which allows VIGC to subscribe to 40% of all issued capital and shares of MPC.

Construction commenced in the first quarter of 2014. The plant started to feed into the franchise area of CEPALCO, which covers the City of Cagayan de Oro and adjoining towns, in September 2017.

Therma Visayas, Inc. (TVI)

TVI is the project company that owns and operates the 2x170 MW coal-fired power plant in Barangay Bato, Toledo City, Cebu. The project is intended to address the increasing power demand of the Visayas grid. The plant design includes provisions for the addition of a third generating unit.

In May 2014, TVI signed an Engineering, Procurement, and Construction (EPC) contract with Hyundai Engineering Co., Ltd. and Galing Power Energy Co., Inc.

An agreement was executed in August 2014 between VIGC and TPI, which allowed VIGC to acquire a 20% equity stake in TVI. TPI, a wholly-owned subsidiary of AP, is the parent company of TVI.

Commercial operations for Unit 1 commenced in April 2019 and Unit 2 commenced commercial operations in August 2019.

Culna Renewable Energy Corporation (CREC)

CREC is the project proponent for the construction and operation of hybrid facilities to supply Culion Island with a guaranteed dependable capacity of 1.96 MW and to supply Linapacan Island with guaranteed dependable capacity of 0.358 MW. The Culion Power Station will have a configuration of 2.42 MW Diesel Genset, 2.80 MWp Solar PV and a battery storage system while the Linapacan Power Station's installed capacity will be composed of 540 kW Diesel Gensets and 325 kWp Solar PV. A Joint Application for the approval of the PSA was filed by CREC and Busuanga Island Electric Cooperative, Inc. (BISELCO) with the ERC on July 17, 2017, which is pending resolution. The Company has an effective ownership of 50% in CREC after acquiring a portion of the shares of WEnergy Global PTE, LTD in CREC.

Isla Norte Energy Corporation (INEC)

INEC is the project company that was set up to develop and operate a 23 MW bunker-fired power plant in the island of Bantayan.

In February 2020, INEC entered into a 15-year PSA with BANELCO for the entire capacity of the plant. A Joint Application for the approval of the PSA was filed by INEC and BANELCO with the ERC on October 12, 2020. The power station is composed of 2 x 7.496 MW diesel engines and 3 x 2.773 MW diesel engines.

Pending the commercial operations of the power station, in April 2020, BANELCO signed an Interim Power Supply Agreement with INEC to augment the power requirements of the island of Bantayan through leased containerized diesel generating sets with a total capacity of 3 MW.

The ERC gave its provisional authority for the applied PSA effective May 6, 2022.

Isla Norte Power Corporation (Isla Norte)

Isla Norte is the new special purpose vehicle (SPV) formed by VIDC and GPI to be the intended assignee of the PSA with BANELCO. On December 29, 2022, the Articles of Merger of INEC and Isla Norte were approved by the Securities and Exchange Commission (SEC), with Isla Norte as the surviving entity that will own the assets and liabilities of INEC.

La Pampanga Energy Corporation (La Pampanga)

La Pampanga is the first on-grid joint-venture between Vivant Energy and GPI to construct and operate an embedded 15MW bunker-fired power plant in Porac, Pampanga. The capacity of the embedded plant will supply the peaking power and ancillary requirements of PELCO II pursuant to the 15-year PSA awarded to Vivant Energy and GPI after a successful conduct of CSP by PELCO II in 2020. Construction of the power plant is targeted to commence by the last quarter of 2023.

Bukidnon Power Corporation (BPC)

BPC is the project company that owns and operates a 2 x 2.4 MW fuel-fired power plant in Pangantucan, Bukidnon and a 2.5 MW fuel-fired power plant in San Fernando, Bukidnon, which are currently contracted to supply the energy requirements of FIBECO.

North BukidnonPower Corporation (NBPC)

NBPC is the project company that owns and operates a 2 x 3.1 MW fuel-fired power plant in Lantapan, Bukidnon. NBPC supplies 5MW of the peaking power requirement in the franchise area of BUSECO.

Expecting the WESM Mindanao to commence operations in January 2023, NBPC is already registered and compliant with the requirements needed to participate in the Mindanao spot market.

Future Projects

Vivant is cognizant of how fast the world is changing and to stay competitive, it must continually grow and evolve. With its vision of becoming a major conglomerate by 2040, the Company believes that the best way forward is by taking a sustainable route in growing the business. Staying true to its mission of improving everyday living, Vivant and its subsidiaries have made a conscious alignment of its projects with the UN's Sustainable Development Goals supporting its environmental and social targets.

Furthermore, Vivant made efforts to classify its strategies into different horizons to establish priority of actions and ensure that the core businesses are maintained while pursuing more prospects for growth.

The Company continuously looks for opportunities in the power generation business. The Company conducts an extensive evaluation process before any proposed project is undertaken. Several factors are assessed and considered, which include but not limited to, the project's land use requirements, access to the grid, fuel supply availability and arrangements, permits and licenses, competitiveness of the plant and presence of potential offtakers.

Notwithstanding the review and evaluation process undertaken, the Company cannot give the assurance that a project, if implemented, will be successful. There is no assurance that the Company will eventually develop a particular project in the manner planned or at or below the cost estimated by the Company.

Through its wholly owned power subsidiary, Vivant Energy, the Company will embark on an ambitious roadmap for a more balanced portfolio, which is targeted to have renewable assets that would account for 30% of its generation capacity by 2030. It will likewise continue to address the energy security requirements of SPUGs by developing the most advantageous energy solutions where balance of cost, quality and sustainability is considered thus supporting economic and livelihood development. To take advantage of the evolving trends in power, it will also explore opportunities in fuel trading, energy storage systems and solar and wind technologies as part of its thrust towards a greener portfolio.

ELECTRIC POWER DISTRIBUTION

In addition to investments in the power generation sector, the Company has investments in VECO, the second largest privately-owned distribution utility in the Philippines in terms of customers and annual GWh sales. As of end-2022, Vivant has a beneficial ownership in VECO of roughly 35%.

Visayan Electric Company (VECO)

VECO, through its predecessor, has been in the distribution business since the early 1900s. It is an electric distribution utility engaged in the conveyance, distribution and sale of electric power pursuant to its legislative franchise, Republic Act No. 9339, and serves the electrical needs of four cities (Cebu, Mandaue, Talisay and Naga), and four municipalities (Consolacion, Liloan, Minglanilla, and San Fernando), all located in the Province of Cebu. Its franchise was granted by the Congress of the Philippines and is due to expire in 2030. VECO's service coverage is about 672 square kilometers serving 486,414 customers with a peak demand of 588 MW and electricity sales of 3,145 GWh in 2022.

The table below summarizes the key operating statistics of VECO for 2021 and the past 2 years.

	Electricity Sold (MWh)	Peak Demand (MW)	# of Customers
2020	3,119,850	521	462,699
2021	3,144,768	554	477,732
2022	3,175,656	588	486,414

VECO is among the distribution utilities included in the third group (Group C) of private utilities to shift to Performance Based Regulation (PBR). The ERC issued in May 2010 its final determination on VECO's application for approval of its annual revenue requirements and performance incentive scheme under the PBR for the regulatory period July 1, 2010 to June 30, 2014.

VECO was scheduled to undergo the PBR reset process in the first quarter of 2014. However, the company was not able to do so given that the ERC has since put on hold all PBR reset processes. As such, VECO has continued to apply the rates approved for the last year of the first regulatory period until such time it is able to undergo the ERC-mandated reset process.

The ERC has started another round of reset process and the Regulatory Period for Group C will be from July 1, 2024 to June 30, 2028.   However, this might also be delayed by 1 year because of the delay in the reset process of Group B.

RETAIL ELECTRICITY

With the thrust of providing sustainable solutions to meet the changing needs of its customers, the Company, through wholly-owned subsidiary Vivant Energy, expanded its retail electricity business to include three lines of businesses. These are Retail Electricity Supply, Solar Rooftop and Engineering Services.

Retail Electricity Supply

One of the objectives of the Republic Act No. 9136 otherwise known as the "Electric Power Industry Reform Act of 2001" (EPIRA) is to ensure the competitive supply of electricity at the retail level. With the implementation of the Retail Competition and Open Access (RCOA), large-scale customers will be allowed to source electricity from Retail Electricity Suppliers (RES) licensed by the ERC. As of December 2021, regulations have allowed electricity consumers with an average peak demand of 500kW and up, and as identified by the ERC, to join the competitive market.

Vivant has prepared its organization for the RCOA with the establishment of 2 RES companies.

Prism Energy, Inc. (Prism Energy)

Prism Energy was incorporated in March 2009, as a joint venture between Vivant (40%) and AP (60%). The company obtained its five-year RES license in May 2012 which it subsequently renewed and it set to expire in November 2023. Prism Energy is seen to service the requirements of the contestable customers in the Visayas region.

As of year-end 2022, Prism Energy was serving 29 customers with a total average consumption of 15,644,302 kWh per month. The total electricity delivered to its customer base amounted to 187,731,622 kWh in 2022.

Corenergy, Inc. (Corenergy)

Corenergy was incorporated in December 2012 as a wholly-owned subsidiary of Vivant, through Vivant Energy. The company obtained its 5-year RES license renewal in September 2021 and is eyeing contestable customers in Luzon and Visayas regions.

As of yearend 2022, Corenergy served nineteen (19) customers with a total average consumption of 6,979,669 kWh per month. The total electricity delivered to its customers amounted to83,756,031 kWh in 2022.

Solar Rooftop

Vivant Energy, through its subsidiary, started to offer customizable rooftop solar energy solutions, mostly to commercial and industrial customers.

Vivant Solar Corporation[1] (Vivant Solar)

As part of its venture into the retail business, Vivant, through wholly owned subsidiaries Vivant Energy and VREC, entered into a joint venture with ET-Pilipinas to construct and operate solar rooftop generation facilities. In March 22, 2018, Vivant Solar was incorporated with Vivant having a 60% equity stake therein. In November 2019, Vivant Energy and VREC bought out ET-Pilipinas, making Vivant Solar a wholly-owned subsidiary of Vivant.

As of December 2022, Corenergy Solar Solutions Corporation (CSSC), Vivant Solar's wholly owned special purpose vehicle, completed a total of 1.62 MW solar rooftop facilities for industrial customers in Visayas and 2.55 MW solar rooftop facilities in Luzon. 0.86 MW of solar rooftop facilities for commercial and industrial customers in Luzon and Visayas are currently under construction.

Buskowitz Finance Inc. (BFI)

BFI was incorporated on December 10, 2015. to engage in the sale, financing and engineering, procurement and construction (EPC) of rooftop-type solar power systems and is considered as one of the biggest players in the country's rooftop solar installation market.

In March 2021, a Shareholders' Agreement was signed by VREC which will result to its acquisition of up to 34.85% of the total equity in Buskowitz Finance Inc.

As of December 2022, BFI completed a total of 9.23 MW for its Build-Operate-Lease-Transfer (BOLT) solar projects for commercial and industrial customers.

Engineering Solutions

Corenergy

In May 2019, Corenergy added to its primary purpose the provision of engineering solutions as an ancillary service to both RES and Solar Rooftop customers. Utilizing its team of experts with decades-long experience in various segments of the power value chain, Corenergy has offered engineering services intended to optimize electricity supply, improve the reliability of equipment and overall safety of workplaces.

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[1] On November 9, 2020, the Securities and Exchange Commission issued a Certificate of Filing of Amended Articles of Incorporation approving the change of name of the corporation from ET-Vivant Solar Corporation to Vivant Solar Corporation.

WATER INFRASTRUCTURE

Vivant continues to grow beyond the power business as it supports industries that improve everyday living. Through its wholly owned subsidiary VHHI, Vivant is on the look-out for opportunities in water infrastructure which relates to the provision of water and wastewater engineering and technological solutions bulk water supply, water distribution and wastewater treatment services.

Water Solutions

As a new entrant with limited knowledge of the industry, Vivant saw the need to enter into a partnership with an entity that has the technical know-how and capability in engineering, design and construction phases.

Watermatic Philippines Corporation (WMP)

WMP was established in July 2019 as the joint venture company of Vivant, through VHHI, and its Israeli partner WMI. Vivant's 60%-owned subsidiary specializes in providing solutions for water treatment for a variety of needs including for industry, drinking water, and agriculture. WMP's services include the design, engineering, construction, installation and operations and maintenance of water and wastewater treatment systems. It also assists clients in the project pre-development stage by providing the necessary technical studies and assessment and designing systems that are tailor-fit to the client's specific needs.

Wastewater Treatment

Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS) and Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWLRC)

FLOWS was formed by its original owners to own the PPWRLC in partnership with the Puerto Princesa City Government. In February 2020, VHHI acquired a 45% equity stake in FLOWS, which resulted in VHHI ultimately owning 40% in PPWRLC.

PPWRLC is is the owner and operator an innovative wastewater treatment facility to rehabilitate the Puerto Princesa Bay. It is the Joint Venture Company between the Private Sector Proponent, FLOWS, and the Local Government of Puerto Princesa City.

The facility is located at the City Baywalk in Barangay Matahimik where current outfalls directly discharge untreated sewage into the bay. In addition to treating wastewater, the project also aims to produce treated water for reuse, therefore, addressing the City's water supply requirements.

In January 2020, the project broke ground. Construction was suspended in March 2020 as a result of the restrictions brought about by the pandemic. In October 2020, the works resumed with a catch-up plan to address the delay. After successful testing and commissioning, the facility started commercial operations in March 2022.

Bulk Water Treatment

Isla Mactan-Cordova Corporation

To alleviate the increasing water supply-demand gap in the Metropolitan Cebu, VHHI has partnered with the Local Government of the Municipality of Cordova (Cordova LGU) through a contractual Joint Venture for the development, construction and operations of a seawater reverse osmosis desalination plant to treat and produce potable water.

Under the Joint Venture Agreement between VHHI and the Cordova LGU, the former will incorporate and register with the Securities and Exchange Commission (SEC) a SPV which will undertake and implement the proposed seawater desalination project in Cordova, Cebu and sell bulk water to its intended offtaker, the MCWD. The SPV, Isla Mactan Cordova Corporation(IMCC), was incorporated with the SEC on August 14, 2020.

In June 2021, VHHI was awarded by MCWD with a 25-year Joint Venture Agreement after a successful conduct of a solicited bidding for the Cordova Bulk Water Supply Project. VHHI will build a utility-scale desalination plant that will augment the bulk water supply of MCWD by twenty thousand cubic meters per day of treated and potable water. Development activities for the plant commenced in 2022.

The plant will be located in Barangays Buagsong and Catarman, Cordova, Cebu.

Future Projects

Vivant, through wholly-owned subsidiary, Vivant Infracore, continues to build the organization with focus on water infrastructure. Water plays a crucial role in sustainable development and it is essential, if not the most essential to all forms of life.

The growth horizon of the Company focuses on developing more bulk water supply (utilizing seawater desalination technology) and expanding its waste water treatment and water solutions businesses. As it acquires more years of solid performance in the industry, it will also look into the water distribution space and transport infrastructure business.

(ii) Sales

The table below sets forth comparative figures for revenue, profitability and assets.

(in Php mn)	2020	2021	2022
Gross Income	3,843.4	5,059.3	6,518.9
Operating Income	2,120.9	2,431.2	1,917.1
Total Assets	20,922.4	23,427.8	26,440.0

The operations of Vivant, its subsidiaries and associates are based only in the Philippines.

Revenue contribution by business grouping is as follows:

	2020		2021		2022	
	Php mn	%-tot	Php mn	%-tot	Php mn	%-tot
Power Generation	2,882.8	75	3, 849.4	76	5,004.7	77
Power Distribution	651.1	16	814.1[1]	16	755.3	11
Retail Electricity	150.2	4	335.7	7	692.4	11
Water Infrastructure	97.0	3	37.1	1	6.4	0
Others	62.2	2	23.0	0	60.1	1
Total	3,843.4	100	5,059.3[2]	100	6,518.9	100

Note:

1. *The financial statements as of and for the years ended December 31, 2021 and 2020 were restated to account for the financial statements as of and for the year ended December 31, 2021 were restated to account for the (1) change in accounting policy in applying the equity method with respect to an associate's power distribution utility assets, i.e., from revaluation model to the cost model. This is in compliance to Philippine Accounting Standards (PAS) 8, Accounting Policies, Changes in Accounting Estimates and Errors, wherein the change in accounting policy is accounted for retrospectively; and (2) the finalization of the purchase price allocation for the acquisition, in compliance to the Philippine Financial Reporting Standards (PFRS) 3, Business Combination, of two subsidiaries in 2021 resulted in a fair value adjustment to Property, Plant and Equipment, and the recognition of intangible assets representing the acquirees' power supply agreements with customer electric cooperatives.*

(iii) Distribution Methods of Products and Services

Power Generation

The generation companies sell their electricity either through the WESM or through bilateral PSAs with private distribution utilities, cooperatives, RES and other large end-users.

Most of the generation companies have transmission service agreements with the NGCP for the transmission of electricity to the designated delivery points of their customers. Some have built their own transmission lines to directly connect to their customers.

Electric Power Distribution

The distribution company has an exclusive distribution franchise in the area where it operates. It has its own distribution network consisting of an extensive network of predominantly overhead lines and substations. An agreement with NGCP is likewise entered into to facilitate the use of NGCP's transmission facilities to receive power from its IPPs, NPC and/or PSALM for distribution to its respective customers.

Retail Electricity

Retail Electricity Supply

The RES companies entered into supply contracts with its existing customers. As of year-end, Prism Energy was serving 53 customers with a total average consumption of 15,098,985kWh per month. The total electricity delivered to its customer base amounted to 181,187,826 kWh in 2021. Corenergy on the other hand served 19 customers during the year with a total average consumption of 6,979,669 kWh per month. The total electricity delivered to its customer base amounted to 83,756,031 kWh in 2022.

Solar Rooftop

Vivant Solar, CSSC and Corenergy entered into contracts with various industrial and commercial customers in Luzon and Visayas for the construction and installation of rooftop solar facilities and supply of solar power.

Engineering Solutions

Corenergy entered into services contracts with customers to provide tailored engineering solutions for the individual facilities of the customers.

Water Infrastructure

Water Solutions

WMP entered into agreements with water and wastewater private developers, and other offtakers such as water districts and Local Government Unit (LGU)-run water entities. The agreements with the customers of WMP included full (ii) engineering and design, procurement, and construction, and (ii) water process design, installations and commissioning, for both water and wastewater treatment.

In August and September 2021, WMP was awarded an A Accreditation License by the Philippine Contractors Accreditation Board (PCAB) and ISO 9001:2015 Certification on Quality Management System, respectively.

Wastewater Treatment

The National Program on Sewerage and Septage Management is founded under Republic Act No. 9275, otherwise known as the “Philippine Clean Water Act of 2004”. Under the said law, water districts were required to provide sewerage or septage management services and LGUs were mandated to share with the local water utilities the responsibility in the management and improvement of water quality within their territorial jurisdictions.

LGUs such as the City of Puerto Princesa in the Province of Palawan have established ordinance on proper sewage and septage management system in their jurisdictions with user fees and funding provisions.

Through the Joint Venture and Service Agreement with the City of Puerto Princesa, PPWRLC will rehabilitate the Puerto Princesa Bay from wastewater contamination. At the same time, it will provide septage services to the residents of Puerto Princesa City in partnership with the Puerto Princesa City Water District. It will also have a learning center as a venue for environmental advocacy and education on wastewater treatment process.

Bulk Water Treatment

Public-Private Partnership (PPP) initiatives have been implemented by the local government units and water districts through various PPP modalities and legal framework such as joint venture to ensure the availability of safe water for consumers and meet future demand requirements.

To address Metropolitan Cebu's water supply needs, VHHI has partnered with the Cordova LGU through an unincorporated joint venture for the development of a seawater desalination plant that will supply treated and potable water to MCWD.

In June 2021, VHHI was awarded by MCWD with a 25-year Joint Venture Agreement after a successful conduct of a solicited bidding for the Cordova Bulk Water Supply Project. VHHI will build a utility-scale desalination plant that will augment the bulk water supply of MCWD by twenty thousand cubic meters per day of treated and potable water.

(iv) New Products and Services

Neither Vivant, nor its subsidiaries and associates, have any publicly-announced new product or service to date, apart from the ongoing greenfield, rehabilitation or expansion projects being undertaken.

(v) Competition

Power Generation

Vivant, through the facilities of its power generation subsidiaries and associates located in Luzon, Visayas and Mindanao, faces competition from other power generation plants that supply electricity to these island grids. Given the privatization of NPC-owned power generation facilities, the Company has to contend with local and multinational IPPs for signing PSAs and offering power supply through the WESM (where applicable).

The retail competition has further intensified the competition landscape for securing bilateral contracts. Generation companies have set up their RES operations to tap contestable customers, which are currently large end-users with a monthly peak average demand of at least 100 kW for the preceding 12 months. Further competition is brought about by entities that establish RES operations to aggregate demand. This results to customers migrating to the RES which result to the reduction in existing supply contracts of power generation companies with distribution utilities and electric cooperatives. Negotiations for new contracts could result to less favorable terms given the current scenario.

Competition in the development of new power generation facilities, the acquisition of existing power plants and financing these undertakings is expected. Given the robust performance of the industry in the recent years, many investors have been attracted to participate and explore opportunities in the development of electric power generation projects, both in the renewable and non-renewable energy spectrum.

Vivant, through its subsidiaries and affiliates, is looking at expanding its capacity by acquiring existing projects and partnering with local and foreign partners to develop power projects in strategic locations within the country. On its own, Vivant is also developing a pipeline of RE projects for its medium- and long-term growth in capacity.

Electric Power Distribution

VECO has an exclusive franchise to distribute electricity in the area covered by its franchise.

Under Philippine law, the franchise of any distribution utility may be renewed by the Congress of the Philippines, provided that requirements relating to the rendering of public services are met. VECO intends to apply for the extension of its franchise upon its expiry. Competition or opposition from third parties may arise while the application for the extension of its franchise is underway. However, under Philippine law, a party wishing to secure a franchise to distribute electricity must first obtain from the ERC a Certificate of Public Convenience and Necessity and shall prove that such party has the technical and financial capability to operate a distribution franchise. Ultimately, it is the Philippine Congress that has absolute discretion in determining whether to issue new franchises or renew existing franchises.

Customer migration has transpired as contestable customers opted to source their electricity requirements via Retail Supply Contracts with licensed RES operators. As of date, the current threshold for voluntary participation of a contestable customer is monthly peak average demand of at least 500 kW for the preceding 12 months. The reduction from 1 MW to 750 kW and 500 kW was implemented through DOE Department Circular No. DC2017-12-0013. In the same circular, the DOE also provided for voluntary demand aggregation of electricity end-users within a contiguous area whose aggregate average peak demand in not less than 500 kW for the preceding 12 months.

Retail Electricity

Retail Electricity Supply

Vivant participates in the retail electricity market through Corenergy and Prism Energy. Competition has increased as more companies register as Retail Electricity Suppliers (RES). As of yearend-2022, there were 46 registered RES companies with the ERC.

Solar Rooftop

The renewable energy industry, particularly distributed generation through solar rooftops has been sustaining an upward trend for the past 4 years. The entry of regional players in the Philippines made the competitive environment attractive for consumers who are looking for lower levelized cost of electricity.

Engineering Solutions

Vivant provides engineering solutions through Corenergy. The past 3 years have seen an upward trend of demand in engineering solutions services mainly from the energy and industrial sector. Corenergy competes with both local and foreign companies to address varying service demands from testing and maintenance to design and engineering studies. Competition for testing and maintenance works has been tight as more companies are investing in widely-available, low end test equipment, compared to the high-class test equipment utilized by Corenergy. For design and engineering studies, the main drivers in competition are the results of previous projects and customer satisfaction. Corenergy maintains competitive prices through its shared services and network of consultants.

Water Infrastructure

Water Solutions

The competition in the water EPC for conventional water treatment source from surface waters such as rivers and lakes has been tight even before WMP's entry into the industry. However, with the rising number of water-scarce cities and municipalities, demand for conventional water treatment has slowed down and shifted to more sustainable and innovative treatment technologies, such as seawater desalination. Desalination, although a proven technology worldwide, has not been implemented in the Philippines at the utility scale. It is expected that competition will increase with the entry of international providers with a footprint within the South and Southeast Asian Region due to increase in market demand.

Wastewater Treatment

In the Philippines, with only 10% of the wastewater being treated before reaching waterways, there is a huge unserved market and an opportunity for Vivant to contribute in the implementation of the National Sewerage and Septage Management Program. The demand for septage and sewerage solutions has rapidly increased over the last 5 years due to the increased awareness on the effects of poor sanitation to the waterways, which was highlighted with the wastewater issue in the island of Boracay. To date, there is little competition in the wastewater segment of the industry. However, given the huge requirement for treating wastewater, it is expected that there will be an increase in the number of players in the industry.

FLOWS, through its concept of combined sewerage and septage treatment in one facility, is offering a solution by bridging the gap between septage and sewerage programs thus, fast-tracking the implementation of a full-scale sanitation program for cities and municipalities in accordance with the mandate under the Clean Water Act of 2004.

The PPWRLC is a product of the Public-Private Partnership or Joint Venture Ordinance of the City of Puerto Princesa which serves as the vehicle to implement the combined sewerage and septage treatment program in the city.

Bulk Water Treatment

Access to safe and clean water has been a national priority concern, being a fundamental requirement for life. The Philippines is at risk of a massive water shortage particularly in highly populated areas. The National Water Resources Board (NWRB) has already identified nine water-critical urbanized areas where water is consumed intensively, namely, Metro Manila, Metro Cebu, Davao, Baguio City, Angeles City, Bacolod City, Iloilo City, Cagayan de Oro City and Zamboanga City.

Growing population together with water pollution, saltwater intrusion caused by excessive withdrawal of groundwater, aging water infrastructure, seasonal variations and the changing weather patterns are among the growing challenges facing the country's water resources. Despite the Philippines' rapidly growing economy, one in ten people still lack access to safe and clean water.

There have been an increased participation and investment from the private sector in the development of critical water infrastructure to help address the inadequate and intermittent water supply in various parts of the country which presents serious consequences to public health and the environment.

The local government units and the water utilities are in the lookout for solutions and technologies that will be responsive to the changing environment, society and climate.

MCWD, the largest water provider in Cebu, like most of the other providers, is highly dependent on groundwater sources to meet part of their water requirements.

The rapid economic expansion and water scarcity in Metropolitan Cebu contribute to the widening water supply deficit in the island. MCWD urged the public to support in looking for alternative water sources, including desalination of seawater. Due to the increasing demand of potable water, it is expected that there will be an increase in the number of bulk water suppliers in the Metropolitan Cebu.

(vi) Sources of Raw Materials and Supplies

Power Generation

Once operational, the Company's renewable energy projects will harness the sun's irradiation or kinetic energy from wind or rivers to generate electricity under relevant service contracts with the government.

In the case of the fossil-fired power generation plants, fuel supply contracts with various suppliers have been entered into. Oil-fired plants have existing medium-term (2-3 years) contracts with local large oil companies and fuel distributors. The coal plant sources its fuel requirements via medium to long-term supply contracts with various suppliers.

Electric Power Distribution

VECO secured bulk of its electricity requirements by entering into bilateral agreements with various IPPs. These agreements are governed by the ERC regulations. Under current rules, VECO is allowed to purchase up to 90% of its total electricity requirements via bilateral contracts.

Below are the power purchase agreements of VECO in 2022.

Supplier	Contract Demand	Start Date	Expiry Date
CEDC	104.5 MW	Mar 2011	Feb 2036
TVI	150MW	April 2019	March 2034

Given the impact of RCOA on its market, VECO will continue to review its contracts profile and negotiate, if necessary, for the reduction of its bilateral agreements.

Retail Electricity

Retail Electricity Supply

CORENERGY

Supplier	Contracted Capacity	Start Date	End Date
Kepco-SPC Power Corporation	5MW	January 13, 2021	January 12, 2022
Southwest Luzon Power Generation Corporation	5MW	July 15, 2021	November 25, 2022
SN Aboitiz Power	5MW	February 26, 2022	February 25, 2023

PRISM

Supplier	Maximum Contracted Energy	Start Date	End Date
Therma Visayas, Inc.	62,570 kw	December 26, 2021	December 25, 2022

Solar Rooftop

The modules of the photovoltaic (PV) plants are solid-state devices that convert sunlight, the most abundant energy source on the planet, directly into electricity without an intervening heat engine or rotating equipment. Photovoltaic cells are made of various semiconductors, which are most commonly composed of silicon (Si) and compounds of cadmium sulphide (CdS), cuprous sulphide (Cu2S), and gallium arsenide (GaAs). These cells are packed into modules that produce a specific voltage and current when illuminated. The PV systems rely on sunlight, have no moving parts, are modular to match power requirements on any scale, are reliable, and have a long life.

Engineering Solutions

Corenergy's testing equipment are sourced from reputable brands like Omicron and Fluke. Both are multinational companies and leading providers in diagnostic, testing and commissioning tools in their respective categories.

Water Infrastructure

Water Solutions

WMP's equipment and materials are sourced from various manufacturers through supply contracts. It has established a wide network of water and wastewater treatment process manufacturers and raw material suppliers that can deliver even purpose-built process equipment based on client's specific requirements.

Wastewater Treatment

Part of the rehabilitation efforts for Puerto Princesa Bay is the diversion of polluted or wastewater into PPWRLC's facility to undergo treatment and therefore, improve the quality of water being discharged into the Puerto Princesa Bay.

A septage component is also incorporated in the wastewater treatment facility, where wastewater siphoned from septic tanks is treated. The septage treatment will primarily be dewatering of the sludge and treating the wastewater thereafter. With this component, the facility will be able to provide septage treatment services in addition to the capture and clean-up of polluted water.

PPWLRC will conduct detailed study on the provision of additional sewerage services to the City of Puerto Princesa with a view to constructing additional sewerage facility in its service area. This is aligned with the City's goal of undertaking various development projects on its coastline and addressing the wastewater issue associated with such developments.

Bulk Water Treatment

IMCC will construct and operate a seawater desalination plant which will process seawater to make it potable as an immediate and sustainable solution to the current water supply shortage in the MCWD service area. Cebu has been experiencing severe water challenges especially during the dry season where water rationing is resorted to. Seawater desalination can provide a climate-independent source of potable water which will also allow the recharge and recovery of Metropolitan Cebu's heavily-stressed groundwater aquifers while MCWD pursues long-term solutions to address the future water needs of its consumers.

(vii) Major Customers

Power Generation

The bulk of the total attributable electricity generated by Vivant, through its subsidiaries and associates, are sold to private distribution utilities, electric cooperatives, NGCP, RES and large industrial users through bilateral agreements. The balance is sold through the WESM. For the year 2022, Vivant had a 85:15 sales mix that was in favor of energy sales covered by sale contracts.

Electric Power Distribution

Vivant's distribution business, on the other hand, has a wide and diverse customer base. The distribution utility's customers are categorized as follows:

- **Industrial customers**: consist of large-scale consumers of electricity within a franchise area, such as factories, plantations and shopping malls.
- **Residential customers**: consist of structures utilized for residential purposes
- **Commercial customers**: include service-oriented businesses, universities and hospitals
- **Other customers**: include streetlights

Retail Electricity

Retail Electricity Supply

- **Industrial customers**: consist of large-scale consumers of electricity such as factories, plantations and, manufacturing.
- **Commercial customers**: include service-oriented businesses, universities and hospitals and shopping malls

Solar Rooftop

- **Industrial customers**: consist of large-scale consumers of electricity such as factories, plantations and, manufacturing.
- **Commercial customers**: include service-oriented businesses, universities and hospitals and shopping malls

Engineering Solutions

- **Power Plants:** HFO Bunker & Diesel Power Plants and Biogas Power Plants

- **Industrial customers**: consist of large-scale consumers of electricity such as factories, plantations and, manufacturing.

- **Commercial customers**: include service-oriented businesses, universities, hospitals and shopping malls

Water Infrastructure

Water Solutions

A substantial portion of WMP's current customer base consists of water and wastewater developers with whom WMP entered into agreements for synergy as co-developers of water system projects.

Wastewater Treatment

The primary customer for Vivant's wastewater business, through PPWLRC, will be the LGU of Puerto Princesa City for the sewerage services and the customers connected to the Puerto Princesa Water District for the septage services.

Bulk Water Treatment

VHHI's subsidiary, IMCC, will deliver 20,000 cubic meters per day of treated and potable water to MCWD at its identified injection point in Cordova, Cebu pursuant to the awarded 25-year Joint Venture Agreement for the Cordova bulk water supply project.

(viii) Transactions With and/or Dependence on Related Parties

Vivant and its subsidiaries and associates, in their regular conduct of business, have entered into related party transactions where Vivant, as parent company, provides 2 types of professional services: (1) strategic and technical, and (2) corporate center services. All related party transactions were conducted at arm's length basis.

Functions covered would include corporate finance, legal, human resources and information technology, among others. These services are rendered by Vivant to allow efficient transfer of business and technical expertise, thus improving cost efficiencies and synergies. Vivant houses a pool of highly qualified professionals with business expertise relating to the business of the Vivant Group. Service Level Agreements are in place to ensure the quality of service and competitive pricing.

Aside from the abovementioned, below are other services provided to and/or transactions entered into by Vivant with related parties in 2022.

- Vivant, on behalf of a subsidiary, applied for the issuance of a domestic stand-by letter of credit (SBLC) to comply with the bid security requirement of a water distribution utility.

- Vivant, on behalf of a subsidiary, applied for the issuance of a domestic SBLC to comply with the bid security requirement for a potential joint venture project.

- Vivant, on behalf of a subsidiary, applied for the issuance of a domestic SBLC to comply with the performance requirement relating to a joint venture project.

- Vivant entered into agreements with Mai-I Resources Corporation (MRC) and JEG Development Corporation (JDC), its stockholders, to perform consultancy services for the companies.

- Vivant has an outstanding lease agreement with a certain subsidiary involving rental of its commercial office space.

- Vivant has an outstanding interim loan facility to an associate for the development of a combined sewerage and septage facility serving the City of Puerto Princesa.

- Vivant has an outstanding a short-term loan to a subsidiary for the latter's working capital requirements.

(ix) Government Approvals, Patents, Copyrights, Franchises

Power Generation

Under the EPIRA, the power generation business is not considered a public utility operation. However, there are standards, requirements and other terms and conditions set by the ERC that each existing and potential generation company should comply with. Once met, the ERC will issue a Certificate of Compliance (COC) that will allow the operation of the power generation facilities. A COC is valid for a period of 5 years from the date of issuance.

Hydroelectric power generation facilities are also required to obtain water permits from the NWRB. The said permit would indicate the approved water source and allowable volume of water that can be used by these facilities in generating power. The water permits do not have expiry dates and are usually not terminated as long as the holder of the permit is able to meet the terms indicated therein.

Solar and wind power projects must secure service contracts from the DOE to conduct pre-development and development work to determine feasibility. Once a project is deemed feasible, a Certificate of Confirmation of Commerciality is secured from the DOE and the project may proceed to construction

A generation company that operates a facility connected to the Grid must make sure that the technical design and operational criteria of the Philippine Grid Code and Philippine Distribution Code, and any amendments thereto are met.

Power purchase agreements signed with both private distribution utilities and electric cooperatives are required to be evaluated and approved by the ERC.

Vivant and its subsidiaries and associates involved in the generation business have no pending applications for the registration of intellectual property rights for any trademark associated with its and its subsidiaries' and associates' corporate names and logos.

Electric Power Distribution

Electricity distribution is a regulated public utility business under the EPIRA. It requires a franchise that can be granted only by the Congress of the Philippines. A Certificate of Public Convenience and Necessity from the ERC is also needed to operate a public utility.

VECO's franchise is set to expire in 2030.

Given that the cost of purchased power is allowed to be passed on to the end-users, all power purchase agreements signed with power generation companies are required to be evaluated and approved by the ERC.

VECO has no pending application for the registration of intellectual property rights for any trademark associated with its corporate name and logo.

Retail Electricity

Retail Electricity Supply

With the implementation of the RCOA, the business of supplying electricity is not considered as a public utility operation under the EPIRA. However, proprietors of this business are required to obtain a license from the ERC in accordance with the ERC's rules and regulations. Vivant has two RES companies:

- Prism Energy, which is 40%-owned by Vivant, was awarded its license in May 2012 which it renewed twice and is set to expire in November 2023.
- Corenergy, which is a wholly-owned subsidiary, was awarded its license in September 2016 which it renewed in September 2021 and is valid until September 2026. Corenergy also intends to be a retail electricity aggregator hence it sent a letter of intent to the ERC in October 12, 2022.
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Vivant and its subsidiaries and associates involved in the retail electricity supply business have no pending applications for the registration of intellectual property rights for any trademark associated with its and its subsidiaries' and associates' corporate names and logos.

Solar Rooftop

With the regulatory framework of the Net Metering Program in place, installation of solar facilities in commercial and industrial settings increased over the past years. For the installation, operation and maintenance of rooftop solar facilities, proprietors are required to secure permits and licenses from the ERC and other government agencies. In addition, the proprietor is required to request from its local distribution utility to participate in the Net Metering Program.

Vivant and its subsidiaries and associates involved in the solar rooftop business have no pending applications for the registration of intellectual property rights for any trademark associated with its and its subsidiaries' and associates' corporate names and logos.

Water Infrastructure

Water Solutions

There is an increase in participation and investment from the private sector to address the infrastructure gap in the water sector for the provision of bulk water supply, sewerage and water distribution services.

The primary regulatory agencies in the industry include the NWRB, the Local Water Utilities Authority (LWUA), the various LGUs, and the special regulatory units such as the Metropolitan Waterworks and Sewerage System (MWSS).

Private entities that develop bulk water treatment plants and enter into bulk water supply agreements with water districts are required to secure a water right from the NWRB.

For private entities that provide water distribution services, a Certificate of Public Convenience issued by NWRB and a concession agreement with a LGU is required.

Vivant and its subsidiaries and associates involved in the water treatment engineering and design business have no pending applications for the registration of intellectual property rights for any trademark associated with its and its subsidiaries' and associates' corporate names and logos.

Wastewater Treatment

Another area where the private sector may engage in is the treatment and sanitization of wastewater through Public-Private Partnership models with the LGU to develop, operate and maintain wastewater treatment systems.

Vivant and its subsidiaries and associates involved in the wastewater septage and sewerage treatment business have no pending applications for the registration of intellectual property rights for any trademark associated with its and its subsidiaries' and associates' corporate names and logos.

Bulk Water Treatment

The national government through the Public-Private Partnership (PPP) Center along with its mother agency National Economic and Development Authority (NEDA), has encouraged private sector participation in infrastructure development including water supply and sanitation services at the national and local government unit level.

PPP initiatives have been implemented by the local government units and water districts through various PPP modalities such as joint venture to ensure the availability of safe water for consumers and meet future demand requirements.

Government Owned and Controlled Corporations which includes the Water Districts shall refer to the Office of the Government Corporate Counsel (OGCC) for review and issuance of the corresponding counsel opinion of its proposed contracts and agreement prior to execution. OGCC is the principal law office of all government corporations whether incorporated under the law or created by a charter.

(x) Effect of Existing or Probable Governmental Regulations

Corporate Recovery and Tax Incentives for Enterprises (CREATE Act)

On March 26, 2021, Republic Act No. 11534 otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act" was signed into law to attract more investments and maintain fiscal prudence and stability in the Philippines by introducing reforms to the corporate income tax and incentives systems.

Taking effect on April 11, 2021, the following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

1. Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 mn and with total assets not exceeding Php100 mn (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

2. Minimum corporate income tax rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

3. Effective January 1, 2021, income tax rate for nonresident foreign corporation is reduced from 30% to 25%.

4. Preferential income tax rate for proprietary educational institutions and hospitals which are nonprofit is reduced from 10% to 1% effective July 1, 2020 to June 30, 2023.

5. Effective January 1, 2022, regional operating headquarters currently enjoying 10% preferential income tax rate shall be subject to RCIT.

6. Imposition of improperly accumulated earnings tax is repealed.

7. Foreign-sourced dividends received by domestic corporations are exempt from income tax subject to the following conditions:

    - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
    - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
    - The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.

8. Qualified export enterprises shall be entitled to 4 to 7 years income tax holiday (ITH) to be followed by 10 years 5% special corporate income tax (SCIT) or enhanced deductions (ED).

9. Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years ED.

10. For investments prior to effectivity of CREATE:

    - Registered business enterprises (RBEs) granted only an ITH – can continue with the availment of the ITH for the remaining period of the ITH.
    - RBEs granted an ITH followed 5% GIT or are currently enjoying 5% GIT – allowed to avail of the 5% GIT for 10 years.

The Bayanihan to Recover as One Act (BAYANIHAN Act II)

On September 11, 2020, Republic Act No. 11494, otherwise known as the “Bayanihan to Recover As One Act” (Bayanihan Act II), was signed into law which provides a P165-billion economic stimulus and relief package to sustain the government’s efforts against the Corona Virus Disease 2019 (COVID-19) pandemic. Section 4 (bbbb) of the BAYANIHAN Act provides that net operating loss of the business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next 5 consecutive taxable years immediately following the year of such loss.

Tax Reform for Acceleration and Inclusion Law (TRAIN Law)

On 19 December 2017 Republic Act No. 10963 otherwise known as the "TRAIN Law" was enacted which in effect amended several provisions of the National Internal Revenue Code of 1997. The TRAIN Law aims to make the tax system of the country simpler, fairer, and more efficient in order to promote investment, reduce poverty and create jobs.

The salient revisions made under the TRAIN Law are as follows:

1. Donor's Tax – The donor's tax new rate is 6% of total gifts in excess of Php250,000.00 which is also applicable if the donee is a stranger. The TRAIN Law likewise provides that a bona fide at arm's length and donative-intent free sale, exchange, or other transfer of property made in the ordinary course of business shall be considered as made for an adequate and full consideration in money or money's worth and is therefore not subject to the donor's tax.

2. Excise Tax on Petroleum Products – The tax rates on petroleum products were increased which would be implemented in 3 tranches starting January 1, 2018 to January 2020.

3. Excise Tax on Mineral Products – The excise tax rate on domestic or imported coal and coke was likewise increased in 3 tranches at Php50.00 on 2018, Php100.00 on 2019, and Php150.00 on 2020.

4. Value Added Tax - The TRAIN Law broadened the Value Added Tax (VAT) base by adding several VAT exempt transactions. The VAT exempt threshold was likewise increased from Php1,919,500.00 to Php3 mn. Sale of electricity by electric cooperatives are now subject to VAT. Furthermore, the foreign currency denominated sales were removed from VAT zero-rating.

5. Documentary Stamp Tax – Most of the documentary stamp tax (DST) rates were increased by 100% except for the DST on debt instruments which was only increased by 50%. Meanwhile, the DST on policies of insurance upon property, fidelity bonds and other insurance, indemnity bonds, and deeds of sale, conveyances, and donation of real property remained unchanged.

6. Foreign Currency Deposit Unit – The final tax imposed on interest income derived by a domestic corporation from a depository bank under the expanded foreign currency deposit system was increased from 7.5% to 15%.

The TRAIN Law also repealed Section 9 of Republic Act No. 9511 otherwise known as the "National Grid Corporation of the Philippines Act" which in effect removed the VAT exemption of concession agreements with the PSALM.

Revised Corporation Code (RCC)

The Republic Act No. 11232 otherwise known as the Revised Corporation Code was signed into law by President Rodrigo Duterte on February 20, 2019 and became effective on February 23, 2019.

The salient provisions in the RCC are as follows:

1. Corporate Perpetual Term – Corporations are now allowed to exist beyond the 50-year term provided in the old Corporation Code.

2. Participation via Remote Communications in Absentia – Remote communication such as videoconferencing and teleconferencing during stockholders' meetings are now allowed. Moreover, the stockholders may now participate and vote in absentia.

3. Emergency Board – The RCC allows an emergency board when a vacancy in a corporation's board of directors prevents the remaining directors from consulting a quorum and consequently from making emergency action required to prevent grave, substantial, and irreparable loss or damage.

4. One-Person Corporation – The RCC removed the absolute requirement of having a minimum of 5 individuals in the formation of corporations. The law now allows a One-Person Corporation (OPC) composed of a single stockholder, who may be a natural person, a trust or an estate.

The RCC likewise imposed addition requirements to corporations which are vested with public interest. The following corporations are considered vested with public interest under the RCC:

1. Corporations covered by Section 17.2 of Republic Act No. 8799, otherwise known as the "Securities Regulation Code" (SRC), including those whose securities are registered with the SEC, corporations listed with an exchange or with assets of at least Php50,000,000.00 and have two hundred (200) or more holders of shares, each holding at least one hundred (100) shares of a class of its equity shares;

2. Banks and quasi-banks, NSSLAs, pawnshops, corporations engaged in money service business, preneed, trust and insurance companies, and other financial intermediaries; and

3. Other corporations engaged in businesses vested with public interest similar to the above, as may be determined by the SEC.

The foregoing corporations vested with public interest must:

1. Elect independent directors constituting at least twenty percent (20%) of the board as well as a compliance officer.

2. Submit to their shareholders and the SEC an annual report of the total compensation of each of their directors/trustees and directors/trustees' appraisal or performance report with the standards or criteria used to assess each director/trustee.

3. Material contracts involving dealings of its directors, trustees, or officers must be approved by at least two-thirds (2/3) of the entire membership of the board, with at least a majority of the independent directors voting.

Furthermore, the RCC provides that the Congress may set a maximum limit for stock ownership of individuals or groups of individuals related to each other by consanguinity, affinity, or by close business interests, in corporations declared to be vested with public interest pursuant to the RCC, or whenever necessary to prevent anticompetitive practices as provided in Republic Act No. 10667 otherwise known as the “Philippine Competition Act”, or to implement national economic policies designed to promote general welfare and economic development, as declared in laws, rules, and regulations.

Philippine Competition Act

In July 2015, Republic Act No. 10667 or the Philippine Competition Act (PCA) was enacted in order to regulate or prohibit monopolies when the public interest so requires, and to ensure that there will be no unfair competition. It promotes free and fair competition in trade industry and all commercial economic activities. To implement the PCA, the Philippine Competition Commission (PCC) was created.

PCA provides for prohibited acts such as Anti-Competitive Agreements and Abuse of Dominant Position. Further, under the PCA, PCC was granted the power to review mergers and acquisitions based on factors it deemed relevant. Furthermore, PCA requires parties to merger or acquisition agreement to notify the PCC in accordance with the PCA and the thresholds set by the PCC.

Securities Regulation Code (SRC)

Republic Act No. 8799 otherwise known as the SRC was enacted on July 19, 2000. The SRC aims to establish a socially conscious and free market that regulates itself and encourage the participation of ownership in enterprises. It likewise seeks to protect the interest of the public by eliminating insider trading and other fraudulent or manipulative devise and practices which create distortions in the free market.

Under the SRC, any corporation listed in the exchange or with assets in excess of Php50,000,000.00 and having two hundred (200) or more holders, at least of two hundred (200) of which are holding at least one hundred (100) shares or which has sold a class of equity securities to the public shall have at least two (2) independent directors or such independent directors shall constitute at least twenty percent (20%) of the members of such board whichever is the lesser.

An independent director has been defined under the SRC as a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having a relationship with the corporation, which would interfere with the exercise of independent judgement in carrying out the responsibilities of a director.

Data Privacy Act (DPA)

On July 25, 2011 Republic Act No. 10173 otherwise known as the "Data Privacy Act" was enacted in order to protect the fundamental human right of privacy and communication. The DPA seeks to protect all forms of information, personal, private, or sensitive of both natural and juridical persons. The National Privacy Commission (NPC), an independent body, was tasked to administer and implement the DPA and monitor and ensure compliance thereof.

The DPA laid out the following general data privacy principles that must be complied with in the processing of personal information:

1. Collected for specified and legitimate purposes determined and declared before, or as soon as reasonably practicable after collection, and later processed in a way compatible with such declared, specified and legitimate purposes only;

2. Processed fairly and lawfully;

3. Accurate, relevant and, where necessary for purposes for which it is to be used the processing of personal information, kept up to date; inaccurate or incomplete data must be rectified, supplemented, destroyed or their further processing restricted;

4. Adequate and not excessive in relation to the purposes for which they are collected and processed;

5. Retained only for as long as necessary for the fulfillment of the purposes for which the data was obtained or for the establishment, exercise or defense of legal claims, or for legitimate business purposes, or as provided by law; and

6. Kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the data were collected and processed.

The DPA further requires the Personal Information Controller[2] (PIC), to do the following:

1. Registration of personal data processing systems operating in the country that involves accessing or requiring sensitive personal information of at least 1,000 individuals, including the personal data processing system of contractors, and their personnel, entering into contracts with government agencies;

2. Notification of automated processing operations where the processing becomes the sole basis of making decisions that would significantly affect the data subject;

3. Annual report of the summary of documented security incidents and personal data breaches; and,

4. Compliance with other requirements that may be provided in other issuances of the NPC.

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[2] This refers to a natural or juridical person, or any other body who controls the processing of personal data, or instructs another to process personal data on its behalf.

However, PIC or Personal Information Processor[3] (PIP) that employs fewer than 250 persons shall not be required to register unless the processing it carries out is likely to pose a risk to the rights and freedoms of data subjects, the processing is not occasional, or the processing includes sensitive personal information of at least 1,000 individuals.

The DPA also requires the PIC and PIP to: 1) designate a protection officer who shall be accountable for ensuring compliance with the applicable laws and regulations for the protection of data privacy and security; 2) implement appropriate data protection policies that provide for organization, physical, and technical security measures of the data; 3) maintain records that sufficiently describe its data processing system, and identify the duties and responsibilities of those individuals who will have access to personal data; and 4) review the data protection policies.

The DPA likewise allows data sharing in the following instances:

1. Data sharing is expressly authorized by law and adequate safeguards for data privacy and security, and processing adheres to the principle of transparency, legitimate purpose and proportionality.

2. Data sharing in the private sector if the data subject consents to the data sharing with certain conditions indicated in the DPA that should likewise be complied with

3. Data collected from parties other than the data subject for purpose of research shall be allowed when the personal data is publicly available, or has the consent of the data subject for purpose of research. It should likewise be ensured that adequate safeguards are in place, and no decision directly affecting the data subject shall be made on the basis of the data collected or processed. The rights of the data subject shall be upheld without compromising research integrity.

4. Data sharing between government agencies for the purpose of a public function or provision of a public service shall be covered a data sharing agreement.

On March 14, 2017, the NPC issued NPC Advisory No. 2017-01 entitled "Designation of Data Protection Officers" which mandated the PIC or PIP to designate an individual/s who shall function as a Data Protection officer (DPO). The DPO shall be accountable for ensuring the compliance by the PIC or PIP with the DPA, its Implementing Rules and Regulations (IRR), issuances of NPC, and other applicable laws and regulations to privacy and data protection. To ensure that the data subjects may able to reach out to the DPO, the PIC or PIP must publish the DPO's contact details (title/designation, postal address, telephone number and email address) in, at least, the following materials:

1. Website
2. Privacy Notice
3. Privacy Policy
4. Privacy Manual or Privacy Guide

[3] Refers to any natural or juridical person or any other body whom a personal information controller may outsource or instruct the processing of personal data pertaining to a data subject.

Transfer Pricing Guidelines

In order to prescribe the guidelines in determining the appropriate revenues and taxable income in transactions by and between related parties, the Bureau of Internal Revenue (BIR) on January 23, 2013 issued Revenue Regulations (RR) No. 2-2013 entitled "Transfer Pricing Guidelines." The provisions in the guidelines are mainly based on the arm's length methodologies set forth under the Organisation for Economic Cooperation and Development (OECD) Transfer Pricing Guidelines.

In order to ensure that the proper disclosures of related party transactions (RPT) are made and conducted at arm's length the BIR issued RR No. 19-2020 requiring the submission of the BIR Form No. 1709 and its supporting documents. The BIR then issued RR No. 34-2020 which prescribes for the guidelines and procedures for the submission of the BIR Form No. 1709, Transfer Pricing Documentation (TPD) and other supporting documents.

Under RR No. 34-2020, the following taxpayers are required to file and submit the RPT Form together with the Annual Income Tax Return (AITR): 1) Large Taxpayers; 2) Taxpayers enjoying tax incentives; 3) Taxpayers reporting net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years; and 4) A related party, as defined under Section 3 of RR No. 19-2020, which has transactions with (a), (b) or (c).

The said taxpayers are likewise required to submit TPDs if it has an annual gross sales/revenue for the subject taxable period exceeding Php150 mn and the total amount of RPT with foreign and domestic related parties exceeds Php90 mn.

Moreover, the TPDs should also be submitted if the RPT meets the following thresholds: 1) if the transaction involves sale of tangible goods in the aggregate amount exceeding Php60 mn within the taxable year; 2) if the transaction involves service transaction, payment of interest, utilization of intangible goods or other RPT in the aggregate amount exceeding Php15 mn within the taxable year; or if TPD was required to be prepared during the immediately preceding taxable period for exceeding either 1 or 2.

Sustainability Report

On February 15, 2019, the SEC issued SEC Memorandum Circular No. 4 which provides for the Sustainability Reporting Guidelines for Publicly-Listed Companies (PLC) ("Guidelines"). The Guidelines is intended to help PLCs to assess and manage non-financial performance across Economic, Environmental, and Social aspects of their organization and enable the same to measure and monitor its contributions in achieving the universal targets of sustainability.

The Sustainability Report shall be submitted together with the PLC's Annual Report. The Guidelines shall be adopted on a "comply or explain" approach for the first three (3) years from implementation. Non-attachment of the Sustainability Report to the Annual Report shall be subject to the penalty for Incomplete Annual Report provided under SEC Memorandum Circular No. 6, Series of 2005.

Policies related to the Power Industry

Given the changing landscape of the power industry brought about by the enactment of the EPIRA law in 2001, the following have had, will have or may have considerable impact on Vivant's businesses:

Wholesale Electricity Spot Market (WESM)

The WESM is a spot market for the buying and selling of electricity. This was established to enable competition to influence the production and consumption of electricity. The mechanism in place allows market forces to determine prices. The WESM provides another option for power generation companies that have no bilateral contracts on how to sell the energy generated by their power plants. Likewise, the WESM serves as a platform for distribution utilities, suppliers and wholesale consumers to purchase electricity even without a bilateral contract.

The WESM began operations in Luzon in June 2006, in the Visayas in December 2010 and in Mindanao on June 2021.

In December 2013, an amended Joint Resolution No. 2 was issued by the DOE, ERC and Philippine Electricity Market Corporation (PEMC) adjusting the WESM Offer Price Cap from Php 62,000.00 per MWh to Php 32,000.00 per MWh. This price cap is provisional and shall be subject to public consultations and review by the WESM Tripartite Committee.

In May 2014, the ERC issued Resolution No. 8, Series of 2014, to implement an interim secondary price cap of Php 6,245.00 per MWh, which will be imposed when the rolling average market price over a 72-hour period (3 days) equal to or exceed Php 8,186.00 per MWh. In December 2014, this was adopted as a permanent pre-emptive mitigating measure where imposition of such will be triggered when the rolling average market price over a 168-hour period (or 7 days) equal to or exceed Php 9,000.00 per MWh. A Petition for Declaratory Relief with Application for Temporary Restraining Order (TRO) and Writ of Preliminary Injunction has been filed by the Philippine Independent Power Producers Association, Inc. (PIPPA) with the RTC of Pasig on the ground that the resolutions made by ERC are invalid and void. The Regional Trial Court of Pasig denied the Application for TRO. On November 6, 2014, PIPPA withdrew its application for the issuance of a Writ of Preliminary Injunction and submitted the case for decision. In May 2017, the ERC issued Resolution No. 04, series of 2017 entitled "A Resolution Adopting Amendments to the Pre-emptive Mitigating Measure in the WESM". Under this resolution, the ERC approved and adopted the setting of a recalculated Cumulative Price Threshold level at Php1,080,000.00 equivalent to the Generated Weighted Average Prices over a rolling 5-day period or one hundred twenty (120) – hour trading interval in WESM. In 2021, the ERC issued Resolution No. 7, series of 2021 which amended ERC Resolution No. 4, Series of 2017. Under this 2021 Resolution, the ERC approved and adopted a shorter rolling average period from one hundred twenty (120) hours or five (5) days to seventy-two (72) hours or three (3) days.

WESM operations in Mindanao was officially launched by the DOE in May 2017 through Department Circular NO. DC2017-05-0009. Effective June 26, 2017, all electric power industry participants in the Mindanao Grid were considered WESM Participants and were required to comply with the WESM registration requirements. Pursuant to DOE Department Circular No. DC2022-12-0039, the Commercial Operations Date of WESM Mindanao was declared on January 26, 2023.

In July 2017, through the initiative of the DOE, the Transition Committee for PEMC was created through Department Order No. DO2017-07-0010, which was tasked among others to propose a way forward for the WESM. Consistent with the intention of the EPIRA, the Transition Committee formulated a transition proposal for an Independent Market Operator ("IMO") which provides for the formation of an independent entity separate from the PEMC to become the IMO, while PEMC remains the governance arm of the WESM. Before the functions of the market operator can be transferred to the IMO, a joint endorsement of the DOE and the power industry participants is required. Hence, on January 17, 2018, the DOE promulgated policies for the efficient transition of the WESM to the IMO. Thereafter, on February 6, 2018, a Special Membership Meeting was held by PEMC to vote for the endorsement of the Plan for Transition to the IMO of the PEMC and the transfer of the market operations function from PEMC to the IMO.

The Independent Electricity Market Operator of the Philippines Inc. (IEMOP) was thereafter organized as a non-stock, non-profit private corporation that is separate from PEMC. The IEMOP was incorporated to become the IMO, and as such, in September 2018, it formally took over the operations of the WESM from PEMC.

PEMC remains the governing body of the WESM and continues to perform the WESM governance functions.

The DOE adopted further amendments to the WESM Rules when it issued Department Circular No. DC2020-10-0021 on October 22, 2020, particularly on the provisions for the implementation of the IMO. Under the said circular, the scope of the WESM Rules now covers the Market Operator (MO) and System Operator (SO). The MO was likewise required to report any non-compliance with WESM Rules and Market Manuals and commission of other acts by any WESM member to the ERC, DOE, and the Governance Army.

Similarly, the DOE also amended the WESM Market Manual on Dispatch Protocol, Issue No. 13 on October 06, 2020 as it issued Department Circular No. DC2020-10-0020. The circular amended the Day-Ahead Projection, Hour-Ahead Projection, and the Real-Time Dispatch Schedule under the WESM Timetable. On the same day, Department Circular No. DC2020-10-0019 was likewise issued by the DOE which provided that WESM Member that has a new load facility and intends to withdraw energy from the grid through a separate marketing trading node shall register the said load facility with the MO. In addition, the WESM Member is likewise required to provide an additional security commensurate to the load profile of the new load facility prior to energization.

On June 3, 2021, the DOE issued Department Circular No. 2021-06-0012 entitled "Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Rules, Retail Rules and Various Market Manuals for the Implementation of Enhancements to WESM Design and Operations (Provisions to Promote Participation in the Retail Competition)".

On June 25, 2021, DOE issued DC2021-06-0015 entitled Declaring the Commercial Operations of Enhanced Wholesale Electricity Spot Market (WESM) Design and Providing Further Policies. Under the said circular, the commercial operation of Enhanced WESM Design and Operations (EWDO) was effective on June 26, 2021 in Luzon, Visayas, and Mindanao.

On July 09, 2021, the DOE issued DC2021-07-0024 entitled “Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Rules for the Operation of the Renewable Energy Market”. Under the said circular, the Market Operator shall make available to the Renewable Energy Registrar all pertinent information to facilitate the participation and transaction with the RE Market of the WESM members, for their compliance to the Renewable Portfolio Standards, pursuant to RE Act.

Retail Competition and Open Access (RCOA)

Among the significant mandates under the EPIRA is a system of open access to transmission and distribution wires whereby the National Transmission Corporation (TRANSCO), its concessionaire, the NGCP, and any distribution utility may not refuse the use of their wires by qualified persons, subject to the payment of transmission and distribution retail wheeling charges. The following are the conditions for the commencement of the RCOA:

1. Establishment of the WESM;

2. Approval of unbundled transmission and distribution wheeling charges;

3. Initial implementation of the cross-subsidy removal scheme;

4. Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and

5. Transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP Administrators.

In 2011, the ERC initiated proceedings through the conduct of public hearings to determine whether or not the RCOA may already be declared in Luzon and Visayas. Initially, the ERC declared December 26, 2011 as the date when full operations of the RCOA in Luzon and Visayas should commence. Under this initial phase, all electricity end-users that are certified by the ERC to be Contestable Customers with an average monthly peak demand of 1MW for the 12 months preceding December 26, 2011 were given the right to choose their own electricity suppliers. However, on October 24, 2011, the ERC deferred the implementation of the RCOA in Luzon and Visayas citing the inadequacy of rules, systems, preparations and infrastructure required therefor. This was in response to the request of MERALCO, Private Electric Power Operators Association, and Philippine Rural Electric Cooperatives Association, Inc. for a re-evaluation of the feasibility of the December 26, 2011 RCOA implementation date.

In December 2012, the ERC issued the Transitory Rules to govern the initial implementation of the RCOA. The Transitory Rules were arrived at by the ERC together with the DOE and the PEMC. Under the Transitory Rules, the new implementation date of the RCOA was set on December 26, 2012. The period from December 26, 2012 to June 25, 2013 was declared as the Transition Period to allow the following: (1) development and finalization of the required infrastructure for systems, processes and information technology relating to RCOA, and (2) the registration into the WESM database of RES and Contestable Customers into the WESM database. The initial commercial operations of the RCOA were scheduled during the period from June 26, 2013 to December 25, 2013. Full implementation of the RCOA will then commence from December 26, 2013 onwards. During the said time, PEMC will act as the Central Registration Body and will be responsible for the development and management of the required systems, processes and information technology structure and the settlement of transactions in the WESM relating to the RCOA.

The implementation of the RCOA in Mindanao may take some time given that the conditions for a competitive environment has yet to be met. However, the prevailing supply conditions have led to the Interim Mindanao Electricity Market to commence operations in December 2013. To address the supply shortfall in the grid, all registered generating facilities were mandated to fully account for their capacities in the market.

The ERC issued revised regulations involving the issuance of RES licenses in December 2013. Included in the rules change was the non-issuance of RES licenses to generating companies, IPPA and affiliates of distribution utilities during a transition period or until after market condition allows it. Moreover, there were additional licensing restrictions imposed, which are: (1) the inclusion of the RES' contracted capacity in the grid limitations involving total capacity controlled by affiliate generation companies; (2) imposition of a 50% cap on supply by a RES to its affiliate end-users; (3) imposition of a 50% cap on supply from an affiliate generation company to a RES.

As a result of these additional licensing restrictions, the Retail Electricity Suppliers Association of the Philippines, Inc. filed a Petition for Declaratory Relief with an urgent application for an injunction with the RTC of Pasig City on the ground that the revised rules were unconstitutional and invalid.

In October 2014, the ERC issued Resolution No. 17, Series of 2014, which held in abeyance the evaluation of RES license applications and suspended the issuance of RES licenses pending the promulgation of the amended RES Licensing Rules. Currently, ERC is reviewing the RES Licensing Rules and the Rules for Contestability.

On 12 May 2016, the ERC issued Resolution No. 11, Series of 2016 (ERC Resolution No. 11-16), which disallowed distribution utilities from engaging in the supply of electricity to end-users in the contestable market, unless as a Supplier of Last Resort (SOLR). Local RES are also mandated to wind down business within 3 years from the effectivity of ERC Resolution No. 11-16. Thus, Retail Supply Contracts (RSC) that have already been executed by a Local RES shall remain valid until their expiration, but no new RSCs can be signed or executed. ERC Resolution No. 11-16 further provides that no RES is allowed to supply more than 30% of the total average monthly peak demand of all Contestable Customers in the Competitive Retail Electricity Market (CREM). Further, RES is not allowed to transact more than 50% of the total energy transactions of its supply business with its affiliate Contestable Customers.

In its Resolution No. 10, Series of 2016, the ERC approved the Revised Rules of Contestability, which established the conditions and eligibility requirements for end-users to be part of the contestable market.

On May 27, 2016, MERALCO filed a Petition for Declaratory Relief, docketed as SCA No.4149-PSG, with a prayer for the issuance of a TRO and/or Writ of Preliminary Injunction to (a) enjoin the DOE and the ERC from enforcing and implementing: (i) DOE Circular No. DC2015-06-0010 in connection with the full implementation of RCOA, (ii) Article 1, Sections 2 and 3 of ERC Resolution No. 5, Series of 2016, (iii) ERC Resolution No. 10, Series of 2016 on the Revised Rules for Contestability, and (iv) ERC Resolution No. 11, Series of 2016 regarding restrictions imposed on the operations of DUs and RES in the CREM; and (b) declare the said DOE Circular and ERC Resolutions void.

On 13 July 2016, a Writ of Preliminary Injunction enjoining the implementation of the issuances of the ERC was granted by Branch 157, RTC of Pasig City. The ERC and the DOE, assailed the jurisdiction of the RTC and separately filed Petitions for Certiorari and Prohibition before the Supreme Court on July 5, 2016 (G.R. No. 225141) and on September 27, 2016 (G.R. No. 226800), respectively.

On October 10, 2016, the Supreme Court, acting on the Petition filed by the DOE, issued a TRO enjoining Branch 157, RTC of Pasig City from continuing with the proceedings in SCA No. 4149-PSG and from enforcing all orders, resolutions and decisions rendered in SCA No. 4149-PSG.

In December 2016, the Philippine Chamber of Commerce and Industry, San Beda College Alabang, Inc., Ateneo De Manila University, and Riverbanks Development Corporation filed a petition, this time with the Supreme Court, to enjoin the ERC and the DOE from implementing DOE Circular No. 2015-06-0010, ERC Resolution No. 5, Series of 2016, ERC Resolution No. 10, Series of 2016, ERC Resolution No. 11, Series of 2016, and ERC Resolution No. 28, Series of 2016.

On 21 February 2017, the Supreme Court issued a TRO, effective immediately, enjoining the DOE and the ERC from implementing DOE Circular No. DC2015-06-0010, Series of 2015, ERC Resolution No. 5, Series of 2016, ERC Resolution No. 10, Series of 2016, ERC No. 11, Series of 2016, and ERC Resolution No. 28, Series of 2016.

The DOE and the ERC filed a Motion for Reconsideration before the Supreme Court to lift the TRO. Both likewise filed an Omnibus Motion seeking clarification on the scope and coverage of the TRO. To date, both have remained unresolved.

In November 2017, the DOE issued DOE Circular No. DC2017-12-0013 to address policy and regulatory gaps resulting from the abovementioned cases. In the said circular, the DOE provided for voluntary participation of Contestable Customers and lowered the threshold to from 1 MW to 750 kW and 500 kW. Voluntary Demand Aggregation was also permitted by December 2018 allowing electricity End-users within a contiguous area whose average peak demand is not less than 500 kW for the preceding 12-month period to aggregate their demand to be part of the Contestable Market and to enter into retail supply contracts with Aggregators.

On July 29, 2019, the DOE issued Department Circular No. DC2019-07-0011 which provided for the amendments of various issuances on the implementation of the RCOA. Based on this particular circular Contestable Customers are no longer automatically integrated into the WESM and its participation therein shall be on a voluntary basis. Moreover, the same circular provided that participating Contestable Customers should source its electric supply requirements from ERC-licensed/authorized suppliers.

On O3 December 2020, the ERC issued Resolution No. 12, Series of 2020 which prescribes the timeline for the implementation of RCOA. The said ERC Resolution likewise provided that the coverage of RCOA was expanded for end-users with an average monthly peak demand of at least 500 kW in the preceding twelve (12) months. Moreover, the monthly billing statement from the Network Service Provider (NSP) shall be considered as proof of contestability and shall be the basis for contestable customers' retail market transaction in lieu of the Certificates of Contestability. NSPs are thus required to notify qualified end-users by indicating in their monthly bill that they are qualified Customer Customers and can now choose their preferred supplier of electricity.

On March 2, 2021, the Supreme Court promulgated its decision granting the petition of Philippine Chamber of Commerce and Industry, et al., and declaring DOE DC2015-06-0010, series of 2015, and ERC Resolution Nos. 5,10,11, and 28, all series of 2016 void for being bereft of legal issue. The said decision directed the ERC to promulgate the supporting guidelines to DOE's Department Circular Nos. 2017-12-0013 and DC2017-120014.

In light of the Supreme Court decision, on November 17, 2021, the ERC issued Resolution No. 9, series of 2021 revoking its Resolution no. 17, series of 2014 (RES License Moratorium) as there will be eight (8) RES, with a total of 265 contestable customers, who were expected to file for the renewal of their respective licenses within 2021 and that these customers would be left without a supplier and may be exposed to the higher prices of the SOLR should the ERC fail to issue RES licenses.

The 2016 Philippine Grid Code

Under the EPIRA, the ERC was tasked to promulgate and enforce a national grid code. Enacted in December 2001, The Philippine Grid Code established and documented the basic rules, requirements, procedures and standards that govern the operation, maintenance and development of the high-voltage backbone transmission system of the Philippines. The Philippine Grid Code identified and recognized the responsibilities and obligations of 3 key independent functional groups, namely the (a) Grid Owner, (b) SO and (c) MO.

On October 5, 2016, the ERC through ERC Resolution No. 22, Series of 2016 approved the publication of the approved Philippine Grid Code 2016 Edition (the 2016 Grid Code). Among the objectives in the 2016 Grid Code were to harmonize the provisions of the Philippine Grid Code with the issuances of the DOE and the ERC and to adopt and fully implement the connection and operational requirements for Variable Renewable Energy (VRE) Generating Facilities consistent with the Renewable Energy Act.

Among the salient points of the 2016 Grid Code are as follows:

The inclusion of the connection and operational requirements for VRE facilities; setting the requirements pertaining to the connection and operational requirements of embedded generators were to be consigned to the Philippine Distribution Code; the provision for changes on frequency controls and responses; the introduction of a new way of classifying reserves from Contingency Reserve, Regulating Reserve and Dispatchable Reserves into Primary Reserve, Secondary Reserve and Tertiary Reserve, respectively; as regards ancillary services, the 2016 Grid Code provided a Frequency Reserve Obligation on the SO mandating it to contract for the Reserve or suffer penalty. The drafting of revisions and updates on the Ancillary Service Procurement Plan are on-going in accordance with the new ancillary structures based on the 2016 Grid Code.

From the time the 2016 Grid Code was enacted, developments in the WESM and other ancillary-related issuances have come up including proposed amendments to the Ancillary Services Cost Recovery Mechanism filed by the NGCP with the ERC. These prompted the DOE to issue Department Circular No. DC2019-12-0008 which (i) set up the General Framework Governing the Provision and Utilization of Ancillary Services in the Grid pending harmonization of ancillary service-related issuances and review of the relevant provisions of the 2016 Grid Code; and (ii) constituted the Ancillary Service Technical Working Group (AS-TWG) for the cost-recovery mechanism.

To date, the existing cost-recovery mechanism for AS shall continue to be implemented until a new mechanism is recommended by the AS — TWG and adopted by the DOE and/or the ERC.

Consistent with the provisions of EPIRA and the 2016 Grid Code, the ERC, on January 21, 2016 issued Resolution No. 17 Series of 2013 entitled "A Resolution Adopting and Approving the Rules and Procedures to Govern the Monitoring of Reliability Performance of Generating Units and Transmission Units and the Transmission System." The rules initially apply to all Generation Companies with Generating Plants connected to the Grid, Embedded Generating Plants which have an aggregated capacity of 20MW and above, SO, Grid Owner or its Concessionaire and MO. On November 16, 2020, however, the ERC issued Resolution No. 11, Series of 2020 which amended the rules and lowered the aggregated capacity of Embedded Generating Plants from 20MW and above to 5MW and above.

The Renewable Energy Act of 2008 (RE Act)

The RE Act was signed into law in December 2008 and became effective in January 2009.

The RE Act was designed to promote and develop the use of the country's RE resources with the intention of reducing the country's dependence on fossil fuels and improving the overall condition of the environment.

The RE Act offers fiscal and non-fiscal incentives to RE developers, subject to a certification issued by the DOE, in consultation with the Board of Investments. These incentives include:

1. ITH for the first 7 years of commercial operations

2. Duty-free importation of RE machinery, equipment and materials effective within ten years upon issuance of certification, provided said machinery, equipment and materials are directly, exclusively and actually used in RE facilities

3. Special realty tax rates on equipment and machinery not exceeding 1.5% of the net book value

4. Net operating loss carry over

5. Corporate tax rate of 10% after the 7th year

6. Accelerated depreciation

7. Zero percent VAT on sale of fuel or power generated from emerging energy sources and purchases of local supply of goods, properties and services of RE facilities

8. Cash incentives for RE developers for missionary electrification

9. Tax exemption on carbon emission credits.

10. Tax credit on domestic capital requirement and services.

All fiscal incentives apply to all RE capacities upon effectivity of the RE Act.

To boost investments in the RE sector, the DOE issued Department Circular No. DC2022-11-0034 which amended Section 19(B) of the Implementing Rules and Regulations of RE Act. Effectively, foreign nationals may now engage in the exploration, development, and utilization of inexhaustible renewable energy sources. The relaxation of the nationality restriction was issued following a legal opinion by the Department of Justice.

Due to the intermittent or variable nature of certain Renewable Energy (RE) resources, RE generating units that utilize the same are declared in the RE Act as 'must dispatch' based on available energy and shall be given priority dispatch. In 2015, the DOE promulgated the Framework for the Implementation of Must Dispatch and Priority Dispatch of Renewable Energy Resources in the WESM[4] where "Must Dispatch" and "Priority Dispatch" facilities were classified in accordance with the predictability of the RE resource. To enjoy the "Must Dispatch" status, a facility must be utilizing an intermittent RE resource that is difficult to predict in terms of availability such as wind, solar, ocean, run-of-river hydro, or ocean energy. "Priority Dispatch" on the other hand was limited to biomass plants under the feed-in-tariff (FIT) system.

To further accelerate the utilization and development of indigenous RE resources, on October 05, 2022, the DOE expanded the definition of "Priority Dispatch" to include geothermal, and impounding hydro plants, and biomass plants that are not covered by the FIT system through Department Circular No. DC 2022-10-0031.

In a resolution issued in 2012, the ERC adopted the following FIT for emerging RE resources, namely, wind, solar, run-of-river hydropower and biomass, and corresponding digression rates.

	FIT Rate (Php/kWh)	Degression Rate
Wind	8.53	0.5% after 2nd year of FIT effectivity
Solar	9.68	6% after 1st year of FIT effectivity
Run-of-river hydro	5.90	0.5% after 2nd year of FIT effectivity
Biomass	6.63	0.5% after 2nd year of FIT effectivity

[4] DOE Department Circular No. DC2015-03-0001.

On May 26, 2020 the ERC issued Resolution No. 06, Series of 2020 which adjusted the FIT as follows:

Technology		2014	2015	2016	2017
		(Yr 1 Entrant)		(Yr 2 Entrant)	(Yr 3 Entrant)
Biomass	2014 – 2015	6.6300		-	-
	2016	6.6502		6.6300	
	2017	6.8539		6.6502	6.5969
	2018	7.1097		6.8539	6.6170
	2019	7.4132		7.1097	6.8197
	2020	7.6629		7.4132	7.0742
ROR Hydro	2014 – 2015	5.9000		-	-
	2016	5.9218		5.9000	
	2017	6.0710		5.9218	5.8705
	2018	6.2798		6.0710	5.8922
	2019	6.5392		6.2798	6.0406
	2020	6.7772		6.5392	6.2484
Solar		**Solar 1**	**Solar 2**		
	2014 – 2015	9.6800	8.6900	-	-
	2016	9.7015	8.7093	8.6900	-
	2017	10.0661	9.0366	8.7093	-
	2018	10.4788	9.4071	9.0366	-
	2019	10.9441	9.8248	9.4071	-
	2020	11.2758	10.1226	9.8248	-
Wind		**Wind 1**	**Wind 2**		
	2014 – 2015	8.5300	7.4000	-	-
	2016	8.5525	7.4195	-	-
	2017	8.8442	7.6725	-	-
	2018	9.1905	7.9730	-	-
	2019	9.5907	8.3202	-	-
	2020	9.8976	8.5864	-	-
Bangui 1 & 2	2014 – 2015	5.9600	-	-	-
	2016	5.9757	-	-	-
	2017	6.1795	-	-	-
	2018	6.4215	-	-	-
	2019	6.7011	-	-	-
	2020	6.6156	-	-	-

The Net Metering Program (NMP) for RE was issued by the ERC in 2013, which is designed to, among others, encourage end-users to participate in the RE generation. The distribution utilities are required to enter into a net metering agreement with an end-user with installed RE system, subject to technical considerations.

The ERC amended several provisions of the rules enabling the NMP for RE through ERC Resolution No. 06, Series of 2019. The following are the salient revisions made:

1. RE systems that run of river hydropower and those capable of being installed in the qualified end-user's premises with or without battery are now eligible to participate in the net metering program.

2. All qualified end-users are required to apply for a COC and distribution utilities are required to assist the qualified end-users in their COC application by receiving and transmitting to the ERC all documentary requirements including the Net Metering Agreement (NMA) and informing the qualified end-user of the ERC's decision.

3. Distribution utilities are likewise required to furnish and install a bi-directional meter at the qualified end-user's premises, the expenses of which shall be for the account of the qualified end-user, except in the case of new customers and the qualified end-users with existing separate meters required to be replaced with a bi-directional meter.

Similarly, ERC Resolution No. 06, Series of 2019 likewise amended the net metering interconnection standards. RE systems with a maximum capacity of 100kW AC per qualified end-user to its distribution system except for Solar Photovoltaic (PV) which shall be 100kW DC are already allowed interconnection of the RE systems. In line with the foregoing amendments, the NMA template has been updated by the ERC accordingly.

On February 27, 2020 the ERC issued ERC Resolution No. 05, Series of 2020 which provides for the clarifications on the amended Net-Metering Rules. For purposes of Net-Metering Applications "good credit standing" has been defined as an end-user with no unsettled or outstanding obligation with the distribution utility at the time of application. Moreover, the cost of Renewable Energy Certificate (REC) meter and the installation thereof shall be shouldered by the distribution utility while the wiring cost from the facility to the REC meter shall be for the account of the qualified end-user. The ERC resolution also provides that the REC meter should be located at the connection point or at least near the connection point.

Meanwhile on October 22, 2020 the DOE issued Department Circular No. DC2020-10-0022 which prescribes the following policies and guidelines to provide complementary enhancements to the net metering program:

1. Implementation of the one (1) -year period for the banking of net metering credits of existing and new applications;

2. Application of Off-Grid or Island Grid Systems;

3. Publication of the distribution utilities NMP including their respective hosting capacities of Distribution Systems for net metering purposes; and

4. Development of a net metering guidebook that aims to prescribe the guidelines and procedures for net metering arrangements from offer to after sales services by the net metering installers and practitioners as well as prescribing the minimum standards for all net metering installations, in collaboration with all concerned government agencies.

The guidelines for the collection of the FIT-Allowance (FIT-All) and the disbursement of the FIT-All Fund by Transco were issued by the ERC in early 2014. The FIT-All is a uniform charge that will be collected from end-users by distribution utilities and RES entities. This will comprise the FIT-All Fund, whereby Transco serves as the Administrator. The FIT-All Fund is for the guaranteed payment of the FIT for actual energy delivered by RE generators. In an order dated October 10, 2014 ERC Case No. 2014-109RC, the commission issued a provisional approval for the applied FIT-All of Php 0.0406 per kWh filed by Transco. Collection from end-users shall commence starting January 2015.

On November 16, 2022, the ERC issued Resolution No. 12, Series of 2022 which approved and adopted the temporary suspension of collection of the FIT-All for a period of three (3) months, starting from December 2022 until February 2023 billing months.

In December 2017, the DOE promulgated the rules and guidelines governing the establishment of the Renewable Portfolio Standards (RPS) for On-Grid Areas through Department Circular No. DC2017-12-0015. The RPS Rules were adopted to mandate electric industry participants to source a portion of their electricity requirements from eligible RE sources in order to develop indigenous and environmentally friendly energy sources. With the minimum annual increment requirement of 1% to be applied to the Net Electricity Sales of the mandated participants, the DOE targets to increase the utilization of RE and reach a 35% RE share in the Energy Mix by 2030.

In July 2018, Department Circular No. DC2018-07-0019 containing the Rules Governing the Establishment of the GEOP in the Philippines became effective. General rules and procedures were set out to guide end-users, RE supplier and network service providers in facilitating the options taken by end-users to choose RE Resources for their energy requirements. Similarly, on April 22, 2021, the ERC issued ERC Resolution No. 8, series of 2021 which adopted the Rules for the GEOP.

In August 2018, the DOE promulgated the rules and guidelines governing the establishment of the RPS for Off-Grid Areas through Department Circular No. DC018-08-0024. The RPS Off-Grid Rules was adopted to contribute to the growth of the RE Industry in the Off-Grid and Missionary Areas by mandating electric power industry participants to source or produce a specified portion of their electricity requirements from eligible RE resources. It was intended to rationalize the efficient use of the Universal Charge – Missionary Electrification and improve the self-sufficiency in power generation through integration of RE in the supply mix in Off-Grid Areas.

On October 1, 2019, the DOE harmonized and enhanced all existing guidelines and procedures regulating the transparent and competitive system of awarding RE Contracts and the registration of RE projects through Department Circular No. DC2019-10-0013 otherwise known as the "Omnibus Guidelines Governing the Award and Administration of Renewable Energy Contracts and the Registration of Renewable Energy Developers".

On December 4, 2019, the DOE promulgated the Renewable Energy Market (REM) Rules to facilitate the compliance of mandated participants with the RPS Rules (both on-grid and off-grid). The rules govern all electric power industry participants in all grids, both on-grid and off-grid areas, and tasked the PEMC to establish the REM and the development of the REM System.

On June 10, 2022, the DOE declared the Interim Commercial Operations of the REM until such time that the Commercial Operations is declared by the DOE[5].

[5] DOE Department Circular No. DC2022-06-0019.

Off-grid Area System Operator

On November 09, 2021 the DOE issued Department Circular No. DC2021-11-0039 entitled "Mandating the National Transmission Corporation as Small Grid System Operator in Specific Off-Grid Area". Under the said circular, the TRANSCO shall serve as the Small Grid SO in any of the following Small Grid classifications:

1. More than one (1) DU utilizing a High Voltage line to transmit power generated by more than one (1) Generation Company (GenCo);

2. Only one (1) DU utilizing a High Voltage line to transmit power generated by more than one (1) GenCo; and

3. Only one (1) DU utilizing its Medium Voltage line to transmit power generated by more than one (1) GenCo.

Reduction in Systems Loss

The ERC issued the Rules for Setting the Distribution System Loss Cap and Establishing Performance Incentive Scheme for Distribution Efficiency (Resolution No. 20, Series of 2017), which set distribution feeder loss cap for private distribution utilities at 6.50% for 2018, 6.25% for 2019, 6% for 2020, and 5.50% for 2021 up to 2022.

Under the new regulations, the actual electricity usage of the distribution company will be treated as an Operations and Maintenance expense in its Performance Based Incentives in its PBR applications.

Competitive Selection Process (CSP)

In June 2015, the DOE issued Department Circular No. DC2015-06-008 mandating all distribution utilities to undergo a CSP in securing PSAs, through a Third-Party expert duly recognized by the DOE and ERC. Under the circular, the CSPs for the procurement of PSAs shall observe the aggregation for the un-contracted demand of the distribution utilities and shall be conducted annually. The terms and conditions of the PSAs shall be in accordance with the template PSA to be issued by the ERC in coordination with the DOE. The ERC and DOE were given 120 days from the effectivity of the circular to issue the implementing guidelines and procedures for the circular.

In September 2015, the DOE together with the ERC posted for comments the first draft of the implementing guidelines of Department Circular No. DC2015-06-008. After conducting public hearing and receiving opposition from industry stakeholders, the ERC and DOE deferred issuing a decision on the mandatory implementation of the CSP.

Pending the issuance by the ERC of a prescribed CSP, the ERC issued in October 2015 Resolution No. 13 (CSP Resolution) directing all distribution utilities to conduct CSP in the procurement of their supply to the captive market. In the Resolution, a CSP is deemed successful if the distribution utility receives at least two (2) qualified bids. Direct negotiation may be conducted after at least two (2) failed CSPs.

In ERC Resolution No. 1, Series of 2015 dated 15 March 2016, the ERC restated the effectivity of the CSP Resolution to be April 30, 2016.

In February 2018, the DOE finally prescribed the "Policy for the Competitive Selection Process in the Procurement by Distribution Utilities of Power Supply Agreement for the Captive Market" through Department Circular No. DC2018-02-0003. Governing all DUs in both grid and off-grid areas, the policy mandates the procurement of all PSAs for the captive market through CSP. In the said Circular, the CSP may be conducted by a Third-Party Bids and Awards Committee (TPBAC) composed of 5 members, where 3 members will come from the DU and 2 from the captive customers. In lieu of the TPBAC, the DU may also opt to engage a Third-Party Auctioneer. Direct negotiation with generation companies is allowed after at least 2 failed CSPs and there is no outstanding dispute in the conduct of the CSP.

On September 24, 2021, the DOE issued DC2021-09-0030 amending certain provisions and supplementing DC2018-02-0003. Under the said issuance, the following shall warrant a Certificate of Exemption from the conduct of CSP (COE-CSP) from the DOE:

1. Any generation projects funded by grants or donations, and will become fully-owned, operated, and controlled by the DU within its franchise area, subject to ownership and market-share limitations as provided under relevant laws and issuances. The DU may be allowed to infuse internally generated funds; Provided, that the amount shared by the DU shall not exceed thirty percent (30%) of the total project cost excluding taxes to be paid by the DU; Provided also, that the generation project or facility shall be structurally and financially unbundled from the DU's business segment such that the generation rate from such project or facility can clearly be distinguished from the distribution rates of the DU; Provided finally, that the generation project shall not be transferred or assigned to an affiliate or subsidiary Power Supplier of the DU.

2. Negotiated procurement of emergency power supply wherein the cooperation period of the corresponding Emergency Power Supply Agreement (EPSA) shall not exceed one (1) year, and such EPSA shall be filed immediately before the ERC upon the issuance and within the effectivity of the COE-CSP; Provided, that the DU shall prove and certify that it has performed all the necessary and required due diligence, and solicited proposal from at least one (1) power supplier for EPSA to address the emergency situation and to avert and/or mitigate its consequences, and the offer/s from the available Power Supplier/s shall be attached in the request for COE-CSP; Provided also, that the procurement of emergency power supply shall be not entitled to any form of subsidy. Provided finally, that the rate shall be equivalent to or lower than the latest ERC-approved generation tariff for same or similar technology in comparable areas.

3. Any generating plant to be embedded in the DU, utilizing indigenous energy resources in the franchise area of the DU, subject to ownership and market-share limitations as provided under relevant laws and issuances, unless it intends to sell generated power outside of the embedded area, in which case, it shall undergo CSP with respect to its excess power. The size of the generation plant shall have a maximum capacity of 10 MW per Luzon DU and 5 MW per Visayas and Mindanao DU.

4. The provision for power supply by the NPC in off-grid areas prior to and until the entry of New Power Providers and in emergency circumstances, in which case, a copy of the PSA between the Electric Cooperative (EC) and the NPC shall be submitted to the DOE and the National Electrification Administration (NEA), in case of ECs.

5. The provision for power supply by the PSALM Corporation or its successor-in-interest through bilateral contracts for the power produced from the undisposed generating assets and independent Power Producer contracts. Request for exemption must be submitted to the DOE at least three (3) months prior to the expiration of the Contract of Supply of Electric Energy (CSEE) or intended cooperation period. Upon its execution, the DU or EC shall furnish the DOE and NEA, respectively, with a copy of the CSEE between the DU and the PSALM.

Further, under DC2021-09-0030 DUs may resort to alternative methods of procurement exclusively for New Technology such as Unsolicited Proposals and Competitive Challenge. New Technology refers to a technology that is novel or a novel use or arrangement of existing technology that has not yet been commercially operating or applied in the country.

Framework for Embedded Generators

In February 2019, the DOE promulgated the “Framework Governing the Operations of Embedded Generators” through Department Circular No. DC2019-02-0003. Covering generation units that are indirectly connected to the Grid through distribution systems, the guidelines require all Embedded Generators to comply with the connection and operational requirements of the 2016 Grid Code and to secure a COC from the ERC. Embedded Generators with material impact to Grid operations are also mandated to register with the WESM based on the criteria provided in the guidelines.

Energy and Efficiency Conservation Act

On April 12, 2019, Republic Act No. 11285 otherwise known as the “Energy Efficiency and Conservation Act” was signed into law with the primary goal of institutionalizing energy efficiency and conservation, enhancing efficient use of energy, and granting incentives to energy efficiency and conservation projects.

As the lead implementing agency, the DOE is responsible for planning, formulating, implementing, enforcing and monitoring of energy management policies and other plans and programs related to energy efficiency of all government agencies, including government-owned and controlled corporations which are mandated to ensure efficient use of energy in their respective offices, facilities, transportation units, and the discharge of their functions.

Under the law, the DOE will develop the following systems, standards and guidelines:

1. a system for certification and assessment of energy conservation officers and energy managers to raise the standards of those engaged in energy management;

2. energy performance standards for commercial, industrial and transport sectors, including energy-consuming products;

3. labeling system for all energy-consuming product, devices and equipment;

4. mandatory energy-efficiency rating and labeling system for identified energy consuming products such as room air-conditioners, refrigeration units, and television sets to promote energy efficient appliances and raise public awareness on energy saving; and,

5. fuel efficiency testing guidelines for the conduct of fuel efficiency tests to validate information provided by vehicle manufacturers, importers and dealers.

The DOE shall also conduct regular examination, testing and verification of energy-consuming products and their models to determine the product's energy efficiency.

Designated establishments, such as private or public entities in the commercial, industrial, transport, power, agricultural, public works and other sectors identified by the DOE as energy intensive industries based on their annual energy consumption, have the following obligations under the law:

1. Integrate energy management system policy into the business operations based on ISO 50001 or a similar framework;

2. Set up systems and programs to promote energy efficiency, conservation and sufficiency that may include installation of RE technologies;

3. Keep records of monthly energy consumption data;

4. Improve average specific energy consumption in according with annual targets of DOE

5. Submit annual Energy Consumption and Conservation Report;

6. Conduct energy audit once every 3 years and submit a report to the DOE; and

7. Employ a Certified Energy Conservation Officer or a Certified Energy Manager.

The IRR of the Energy Efficiency and Conservation Act was issued by the DOE on November 22, 2019 through Department Circular No. DC2019-11-0014. On May 11, 2021, the DOE issued Department Circular No. 2021-05-0011 providing for the "Guidelines for the Endorsement of Energy Efficiency Projects to the Board of Investments for Fiscal Incentives".

Energy Virtual One-Stop Shop (EVOSS)

On May 28, 2019, the DOE prescribed the "Rules and Regulations Implementing Republic Act No. 11234" through the issuance of Department Circular No. DC2019-05-0007. Aimed at ensuring the timely completion of permits and licenses of power generation, transmission and distribution projects, the rules eliminate the redundancies and overlapping mandates in documentary submissions and processes and mandates the establishment of an online platform for government agencies, and for a paperless electronic application and processing system. Under the circular, the EVOSS Steering Committee was tasked to create a detailed process flow for each phase of the permitting process for each kind of power generation, transmission and distribution project.

Energy Storage System (ESS)

The DOE recognizes the application and the benefits of ESS as an emerging technology in the improvement of the electric power system.[6] As such, the DOE issued Department Circular No. DC2018-08-0022 which amended the WESM Rules and the Market Manuals to take into consideration of the participation of Battery Energy Storage Systems and Pumped Storage Units in the WESM.

The DOE likewise issued DC2019-08-0012 on August 01, 2019 which provides for the framework for ESS in its operation within the electric power industry. The circular laid out the process of securing the permit and licenses of the ESS as well as the requirements for connection and operations.

The circular applies to the following electric power industry participants: 1) generation companies owning and/or operating ESS which include, but is not limited to, the following technologies: a) Battery Energy Storage System; b) Compressed Air Energy Storage; c) Flywheel Energy Storage; d) Pump-Storage Hydropower; e) Other emerging technologies that may be identified, qualified, and approved by the DOE as ESS, 2) - 3) directly Connected Customers owning and operating ESS, 4) end-users owning and operating ESS, 5) QTPs, 6) Transmission Network Provider, 7) SO, and 8) MO.

Pursuant to the circular, ESS proponents shall apply and register their ESS for one or more of the following purposes:

1. Provision of Ancillary Services
2. Provision of Energy through Bilateral Supply Contracts or Trading in the WESM
3. Manage the Penetration of RE
4. Auxiliary Load Management for Generation Companies
5. Transmission/Distribution Facility Upgrades Deferment
6. Transmission Congestion Relief
7. End-User Demand Management
8. Distribution Utility Demand Management
9. Distribution Utility Power Quality Management

Spot Market for Ancillary Services (AS)

As defined in the EPIRA, AS are services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with good utility practice and the Grid Code. Under the WESM Rules Section 10.3.2.3 the DOE shall declare the commencement of the spot market for AS.[7] In line with this, the DOE issued Department Circular DC2010-06-0007 entitled "Directing the Preparation for the Trading of Ancillary Services in the Philippines Wholesale Electricity Spot Market" which made the spot market for AS an integral part of the WESM.

[6] Department of Energy, Department Circular No. DC2019-08-0012.
[7] Department of Energy, Department Circular No. DC2010-06-0007.

On August 01, 2019 the DOE issued Department Circular DC2019-12-0018 entitled "Adopting a General Framework Governing the Provision and Utilization of Ancillary Services in the Grid". The intention of the circular was to ensure the reliability, quality, and security of supply of electric power. The circular required all generating facilities, except those with valid and existing AS capability accreditation, to undergo an AS capability testing and shall be certified according to their respective capabilities. The SO is mandated under the circular to ensure optimal procurement of the required AS.

Prior to the commercial operation of the Reserve Market, SO shall ensure compliance with its obligation to procure the required level and specification of AS in line with the following:

1. Regulating, Contingency, and Dispatchable Reserves shall be procured through firm contracts only;

2. Reactive Power Support AS and Black Start AS shall be procured through firm contracts only; and

3. The protocol for the central scheduling of energy and contracted reserves in the WESM shall still apply, in accordance with the WESM Rules and relevant Market Manuals.

Upon commercial operation of the Reserve Market, the following shall govern the procurement of AS:

1. SO shall procure Regulating, Contingency, and Dispatchable Reserves through firm contracts and the Reserve Market provided that the contracted levels per reserve region shall be as follows:

    - Regulating Reserve — Equivalent to 50% of the Regulating Reserve requirement;

    - Contingency Reserve — Equivalent to 50% of the dependable capacity of the largest generating unit;

    - Dispatchable Reserve — Equivalent to 50% of the dependable capacity of the second largest generating unit;

2. Generating units shall submit energy and reserve offers to the WESM with respect to their maximum available capacities, which shall include contracted and uncontracted capacities;

3. All energy and reserve offer shall be co-optimized and subjected to central scheduling, dispatch, spot pricing and settlement of the MO and SO; and

4. Reactive Power Support AS and Black Start AS shall be procured through firm contracts only.

The AS-TWG was likewise created to assist the DOE in implementing the framework and render technical assistance and advice in developing further policies on AS. Among others, the AS-TWG was also tasked to review the 2016 Grid Code to address the issues on the implementation of the new AS categories.

On May 7, 2021, the DOE issued DC 2021-03-009 entitled “Adopting a General Framework Governing the Operationalization of the Reserve Market in the Wholesale Electricity Spot Market and Providing Further Policies to Supplement DC2019-12-0018”. Under the circular, the implementation of the WESM Reserve Market shall adhere to the following principles:

1. The continuing development and operationalization of the Reserve Market shall take into account key policies stipulated in the DOE Roadmap, among others, RE Market, Electricity Derivatives Market, Demand-Side Bidding, and exploratory studies on Capacity Market as applicable;

2. The WESM shall provide the optimal solution for all available capacities when scheduling reserve and energy capacities through co-optimization while adhering to grid reliability requirements;

3. The SO and MO shall allow for non-discriminatory participation of all capable AS providers, including demand-side resources, in various reserve categories, provided that all participants shall comply with the certification of AS capability issued by the SO or any qualified third-party AS testing entity duly accredited by the ERC;

4. A single buyer system shall be implemented for the procurement of AS requirements whether sourced through the Reserve Market or AS procurement agreements (ASPA). Pending the DOE’s promulgation of CSP for ASPAs, the SO may continue to enter into ASPAs through its existing procedure.

5. Recovery of reserves cost among grid users shall be implemented in accordance with the guidelines on AS cost-recovery to be promulgated by the ERC; and

6. Sufficiency of reserves in the Grid shall be ensured through procurement of reserves through ASPAs and the WESM;

Competitive Selection Process for Ancillary Services

On October 04, 2021, the DOE issued DC No. 2021-10-00313 entitled “Prescribing the Policy for the Transparent and Efficient Procurement of Ancillary Services by the System Operator”. The DOE, through the said circular, promulgated the CSP in the procurement of ASPA by the SO. Under the said circular, within six (6) months of the effectivity of the circular, the SO is mandated to conduct a CSP for the procurement of ASPA for a contract period of a maximum of five (5) years. The CSP shall be spearheaded by a TPBAC to be established by the Board of Directors of the SO.

Qualified Third-Party (QTP) Participation

Section 59 of the EPIRA authorized the provision of electric service in remote and unviable villages that the franchised utility is unable to service for any reason shall be opened to a QTP. As such, the DOE issued Department Circulars Nos. DC2004-06-006 and DC2005-12-011 on June 18, 2004 and December 12, 2005 respectively. Such circulars prescribe for the qualification criteria and guidelines for the participation of QTPs in providing electric service in unviable areas.

In order to meet the total electrification target of the government, the existing guidelines of the participation of QTPs were revised to provide a policy and regulatory environment that is more conducive to the participation of the private sector. Thus, on 22 November 2019, the DOE issued Department Circular No. DC2019-11-0015 otherwise known as the "Revised Guidelines for QTP".

Under the revised guidelines, the DOE shall declare unviable, unserved, and underserved areas that are open for the QTP Program and the distribution utilities were required to:

1. Submit its Distribution Development Plan together with the Total Electrification Master Plan. The distribution utilities shall prepare and submit its comprehensive Total Electrification Master Plan and shall contain detailed inventory of all unviable, unserved and underserved areas within its franchise;

2. Conduct the Competitive Bidding for the QTPs to serve the QTP Service Areas; and

3. Execute the QTP Service Contract (QSC) with the selected QTP.

Meanwhile, the QTP proponents must secure the necessary permits and licenses from the relevant government agencies and comply with all provisions, including the financial, technical, environmental and other performance standards for the QTP and the requirement of a Service Contract with the DOE, if applicable.

Renewable Energy Market (REM)

Pursuant to the RE Act, the DOE is mandated to establish a REM which would be an avenue for the trading of RECs which is equivalent to an amount of power generated from RE sources and a facility for mandated participants to comply with the RPS. In line with this, the DOE promulgated the RE Market Rules through Department Circular No. DC2019-12-0016 which in turn kicked off the compliance of the RPS by the mandated participants. The REM Rules applies to all electric power industry participants in Luzon, Visayas, and Mindanao, both in the On-Grid and Off-Grid Areas.

The REM Rules established the basic rules, requirements, and procedures to govern the operations of the REM which mainly aims to facilitate the efficient operation of the REM, specify the terms and conditions to which entities may be authorized to participate in the REM as well as the authority and governance framework for the REM, provide sanctions in cases of violations of the REM Rules and a timely and cost-effective framework for resolution of disputes among the REM Members and the Renewable Energy Registrar.

Registration in the REM is mandatory for the following:

1. Mandated Participants obligated by RPS to comply with their RPS requirements.

2. Entities with RE Generation Facilities that are registered in the WESM. In case of Mindanao Grid which is not yet connected to the Luzon and Visayas Grid, includes RE Generation Facilities that are connected to the main grid.

3. Entities with RE Generation Facilities who are operating in Off-Grid Systems obligated to comply with RPS requirements.

DOE in its Advisory dated 18 August 2020 provided for the recalibration of the commercial operations of the REM from June 2020 to June 2021 due to the impact of the COVID 19 pandemic.

Green Energy Option Program (GEOP)

Consistent with the RE Act, the government aims to accelerate the exploration and development of the RE resources in order to achieve energy self-reliance through the adoption of sustainable energy development strategies. Section 9 of the RE Act mandated the DOE to establish a GEOP which would provide end-users the option to choose RE resources as their sources of energy.

On July 18, 2018, the DOE issued Department Circular No. DC2018-07-0019 which promulgated the rules and guidelines governing the establishment of the GEOP Rules. All of the RE Facilities are eligible to participate in the GEOP subject to the following rules:

1. Entities that shall utilize RE Facilities to supply power under the GEOP shall secure an operating permit from the DOE as RE Suppliers.

2. RE Facilities covered by the GEOP shall have the necessary Certificates of Compliance from the ERC.

3. Distributed energy resources and/or generation facilities specifications and standards shall conform with the rules prescribed by the ERC.

Under the DOE Department Circular No. DC2018-07-0019, all end-users with a monthly average peak demand of 100 kW and above for the past 12 months may opt to participate in the GEOP after the DOE, in consultation with the National Renewable Energy Board (NREB) and industry stakeholders, determines the technical requirements and standards are already met. Meanwhile end-user with new connection and whose estimated average monthly peak demand for the next 12 months based on the load profiling is 300 kW or above may likewise participate in the GEOP. An end-user that has been in operation for less than 12 months from the effectivity of the GEOP Rules may also participate in the GEOP.

The end-user and its RE Supplier shall execute a GEOP Supply Contract which will govern the participation of the End-User in the GEOP. The energy sales from the GEOP shall be part of the Net Electricity Sales of the distribution utilities for its RPS compliance requirement. Moreover, the RECs generated from the energy supplied to the end-users under the GEOP shall be for the account of the distribution utilities. However, for RE Facilities installed within the end-user's premises, the distribution utilities have the option to install a third kilowatt-hour meter or use the RE Facility's built-in meter to monitor the total RE generation supplied to the End-User.

The circular likewise provides that a dual billing system may be adopted by the End-User availing of the GEOP, RE Supplier and the distribution utility.

Green Energy Auction Policy (GEAP)

On July 14, 2020, the DOE issued Department Circular No. DC2020-07-0017 entitled "Promulgating the Guidelines Governing the Policy for the Conduct of Green Energy Auction in the Philippines" which provides for the GEAP. Subsequently, on November 03, 2021, the DOE issued Department Circular No. DC20201-11-0036 entitled "Providing the Revised Guidelines for the Green Energy Auction Program in the Philippines" or the "GEAP Guidelines". This circular repealed DC2020-07-0017.

The GEAP Guidelines was promulgated to establish the implementation framework for the GEAP and provide clarity on the roles of implementing agencies/entities. This circular also supports and/or facilitate immediate and timely investments in new or additional RE capacities to ensure provision of adequate supply and competitive rates of electricity in the country. Likewise, it supports the development of new RE projects under a competitive process, together with long-term contracts. Lastly, this circular was promulgated to implement the mandate of giving preference to RE sources for a cleaner and sustainable environment.

There are two (2) components set forth in the GEA Policy namely:

1. *Green Energy Tariff (GET)* – to provide price signals on the commercial value of electricity generated from the RE facilities, resulting from a competitive process, and set the benchmark price for DUs under the Opt-in Mechanism; and

2. *Green Energy Auction* – to facilitate the determination of RE facilities that are eligible under the GEAP. To this end, the Green Energy Auction shall be administered by the DOE through the Green Energy Auction Committee (GEAC).

GET shall reflect the value of electricity, resulting a competitive process that Qualified Bidders are capable of supplying the prescribed capacity volume and delivery periods. The Winning Bidder/s shall have the most competitive bid price offered based on the Terms of Reference for a particular ARP, as determined by the Green Energy Auction Committee.

On the other hand, in the conduct of the GEA and the development of specific Terms of Reference for each auction round, the following principles shall be observed:

a. The auction shall be conducted for New and Existing RE Capacities, as defined in this Circular, and are duly registered with the DOE with no existing power purchase agreement/power supply agreement with any DU or end0user at the time of the agreed delivery date's;

b. Participating entities shall be allowed full recovery of prudent and reasonable economic costs incurred, *Provided,* that the Winning Bidders' bid offer shall be considered their prudent and reasonable economic costs;

c. Efficiency and competitive prices of electricity shall be prompted;

d. Fair and transparent processes will be observed in all stages of the GEAP; and

e. Clean and sustainable forms of energy will be harnessed.

DC2021-11-0036 also introduced the Opt-in Mechanism in order to reduce FIT-All charges to the electricity end-users, and to meet any DU supply and RPS Requirements. Under the Opt-in Mechanism, any DU shall have the option to procure from the GEAP pool of a Winning Bidder under a particular auction round and thereby carve out of such DU-procured volumes from the pool compensable by the FIT-All.

It should be emphasized that the Green Auction including the Opt-in Mechanism shall serve as compliance with CSP requirements for DUs.

Open and Competitive Selection Process for Renewable Energy Service Contract

On October 20, 2020, the DOE issued Department Circular No. DC2020-11-0024 entitled "Adopting the Guidelines Governing the 3rd Open and Competitive Selection Process (OCSP3) in the Award of Renewable Energy Service Contract, and for Other Purposes." The circular governs the determination of legal, financial, and technical qualifications of RE Applicants, the evaluation of its applications, and the award of the RE Contracts under the OCSP3.

The eligible RE Applications under the said guidelines are Filipinos and Filipino corporation at least 60% owned and controlled by Filipinos, duly registered with SEC with purpose of engaging in renewable energy exploration, development, and utilization. Foreign-owned corporations may likewise qualify provided that the RE Contract involved is a financial or technical assistance agreement signed by the President and either technical or financial assistance for large-scale exploration, development, and utilization of geothermal resources pursuant to Section 2, Article XII of the Philippine Constitution.

Energy Conserving Design of Building

Pursuant to the Energy Efficiency and Conservation Act the DOE issued Department Circular No. DC2020-12-0026 on December 22, 2020 otherwise known as "Adoption of the Guidelines on Energy Conserving Design of Building." The guidelines prescribed for the minimum requirements for the energy conserving design of new buildings and major renovation of existing buildings. It likewise aims to encourage and promote the energy conserving design of buildings and their services in order to reduce use of energy without compromising the cost effectiveness, building function, as well as the comfort, heath, safety, and productivity of the building's occupants.

The said guidelines shall apply to new buildings and its systems as well as any expansion and/or modification of existing buildings or systems designed with at least 112.5 kVA of total connected electrical loads or has at least 10,000 square meters total gross floor area.

Bayanihan to Heal as One Act (BAYANIHAN Act I)

Due to the spread of the to the COVID 19 virus in the Philippines, Presidential Proclamation No. 922-2020 was issued declaring a State of Public Health Emergency throughout the country During the same period, Presidential Proclamation No. 929-2020 was likewise issued which placed the entire Philippines under a State of Calamity and imposed an Enhance Community Quarantine (ECQ) throughout Luzon. On March 24, 2020, Republic Act No. 11469 otherwise known as the "Bayanihan to Heal as One Act" (Bayanihan Act I) was enacted placing the whole country under a state of national emergency.

Under the Bayanihan Act I, all banks, quasi-banks, financing companies, lending companies, and other financial institutions were directed to implement a minimum of a thirty (30)-day grace period for the payment of all loans falling due within the period of the ECQ without incurring interests, penalties, fees, and other charges.

In line with Bayanihan Act I, the ERC, in its Advisory dated April 15, 2020 issued guidelines and directives for the electric power industry stakeholders. The said guideline directed distribution utilities and RES to provide a grace period to all captives and Contestable Customers through the deferment of their electricity bill falling due within the period of the ECQ or from March 16, 2020 to April 30, 2020, without interest, penalties, fees, and other charges. Such period was extended to May 15, 2020 by ERC Advisory dated 05 May 2020. In addition, the updated advisory also imposed for the amortization of payment in four (4) equal monthly installments, payable in the 4 succeeding billing months following the end of the ECQ. In addition, payments by customers in areas covered by the ECQ extension until May 15, 2020 should commence no earlier than May 30, 2020.

The DOE, on the other hand, in its Department Circular No. DC 2020-004-0008, rationalized the utilization of the Energy Regulation (ER) 1-94 Funds by the host LGU in response to COVID 19 public health emergency. This provided for a framework for the host LGU to follow in utilizing the ER 1-94 Funds to bolster their combat in mitigating, if not contain, the transmission of COVID 19 in their respective areas.

On September 11, 2020, Republic Act No. 11494, otherwise known as the “Bayanihan to Recover As One Act” (Bayanihan Act II), was signed into law which provides a P165-billion economic stimulus and relief package to sustain the government’s efforts against the COVID-19 pandemic.

Pursuant to the Bayanihan Act II, the ERC in its Advisory dated October 29, 2020 issued an updated directive directing the DUs not to implement any disconnection on account of non-payment of bills until December 31, 2020 for consumers with monthly consumption not higher than twice the ERC approved maximum lifeline consumption level. All DUs, and RES were directed to implement a minimum 30-day grace period on all payments falling due within the period of the ECQ and Modified Enhanced Community Quarantine (MECQ) without incurring interest, penalties, and other charges. Any unpaid balance after the lapse of the 30-day period shall be payable in 3 equal monthly installments without incurring interest, penalties, and other charges. Similarly, the DOE likewise issued an Advisory dated September23, 2020 indicating that the 30-day grace period and staggered payment without interests, penalties and other charges are applicable to all power sector billings falling due during the period of the Community Quarantine (CQ).

The Bayanihan Act II likewise directed all banks, quasi-banks, financing companies, lending companies, and other financial institutions to implement a one-time minimum sixty (60)-day grace period for the payment of all existing, current, and outstanding loans falling due, or any part thereof, on or before December 31, 2020. The said law likewise provided for staggered payment without interest on interest, penalties, and other charges until December 31, 2020, or as may be agreed upon by the parties.

ERC Revised Rule of Practice and Procedure

On December 17, 2020, the ERC issued Resolution No. 1, Series of 2021 entitled “A Resolution Adopting the Revised Rules of Practice and Procedure of the ERC”. The Revised Rules aim to aid anyone who wishes to appear before the ERC and participate in any proceeding before it.

Revised Guidelines for the Financial Capability Standards of Generation Companies

In November 2020, the ERC issued Resolution No. 3, Series of 2021 entitled "A Resolution Adopting the Revised Guidelines for the Financial Capability Standards of Generation Companies". The said Guidelines sets out the minimum financial capability standards to ensure that Generation Companies meet the required standards to protect the public interest.

<u>Policies related to the Water Infrastructure</u>

The Philippine Water Code (P.D. 1067)

The 1976 Presidential Decree provides the framework and basic principle relating to appropriation, control and conservation of water resources to achieve optimum development and rational utilization of the water resources of the country.

The main principle of the decree provides that all waters, be it a river, natural bed, spring, natural lakes, lagoons, subterranean or ground water, atmospheric water and seawater even if found within private lands belong to the state and that the same may allow the use or development of waters by administrative concession but subject to the control and regulation of the government through the National Water Resourced Board as the lead agency. Water may be appropriated according to its beneficial use through the grant of water permit by the same agency.

On September 12, 2002, NWRB was reconstituted through the declaration of Executive Order No. 123 aligning the agency previously administered under the Department of Public Works and Highways to the Department of Environment and Natural Resources. Local Water Utilities and Administration shall likewise cease with its practice of regulating the water tariffs of Water Districts and shall be undertaken by the National Water Resources Board. The former may still continue reviewing the rates of water districts where it has risk of financial exposure.

Local Government Code (R.A. 7160)

The 1991 policy defines the functions, responsibility, extent of authority and resources of LGUs which includes effective provision of basic services and facilities such as infrastructures related to sanitation and sewerage, communal irrigation, small water impounding projects and other similar projects, artesian wells, spring development, rainwater collection and water supply systems. This policy facilitated the LGUs to fast-track implementation its infrastructure projects through public-private partnerships.

Provincial Water Utilities Act (PD 198)

On May 25, 1973, a national policy was declared and signed favoring local operation and control of water systems and authorizing the formation of local water districts chartered by the national administration to facilitate improvement of local water utilities under LWUA. The Act promulgated the role of the water district in the development, operation and maintenance of water and wastewater services within a franchise area. The water district shall be under the authority of a LGU either municipality, city or province depending on the number of water service connections.

Public-Private Partnership (PPP)

Projects relating to water supply, water and wastewater treatment, and sewage treatment infrastructure are undertaken through PPP. It is broadly defined as a contractual agreement between the Government and a private firm targeted towards financing, designing, implementing and operating infrastructure facilities and services that were traditionally provided by the public sector. It embodies optimal risk allocation between the parties – minimizing cost while realizing project developmental objectives. Thus, the project is to be structured in such a way that the private sector gets a reasonable rate of return on its investment.

Build-Operate-Transfer (BOT) Law

The allowable modes of undertaking PPP can be found in Republic Act No. 7718 otherwise known as the Philippine BOT Law and its IRR, as amended. Among these modes are: Build-and-transfer, Build-lease-and-transfer, Build-own-and-operate, Contract-add-and-operate, Develop-operate-and-transfer, Rehabilitate-operate-and-transfer (ROT), Rehabilitate-own-and-operate, joint venture, and corporatization. Various other modalities are contained in Republic Act No. 7718, as amended.

Executive Order No. 423 and the National Economic and Development Authority (NEDA) Joint Venture Guidelines

On April 30, 2005, President Gloria Macapagal Arroyo signed Executive Order No. 423 to prescribe the rules and procedures on the review and approval of all government contracts to conform with Republic Act No. 9184, otherwise known as the Government Procurement Reform Act. Among the salient provisions of EO 423 is the requirement of approval of government contracts entered into through alternative methods of procurement, including but not limited to the approval from the Director-General of the NEDA. Relative to joint ventures between government and private entities, EO 423 specifically mandated that NEDA "issue guidelines with the objective of promoting transparency, competitiveness, and accountability in government transactions, and, where applicable, complying with the requirements of an open and competitive public bidding" *(Section 8, EO 423).*

Thus, in April 2008, the NEDA issued the Guidelines and Procedures for Entering into Joint Venture Agreements Between Government and Private Entities (NEDA JV Guidelines). On May 2013, the NEDA JV Guidelines was revised. The NEDA JV Guidelines, as amended, allowed joint ventures as a form of PPP. It also contained the detailed process for competitive selection and negotiation.

(xi) Estimate of Amount Spent for Research and Developmental Activities

Vivant has not allocated any specific amount of funds for research and developmental activities. Research and development activities are done on a per project basis and allocation of funds may vary depending on the nature of the project.

(xii) Costs and Effect of Compliance with Environmental Laws

Vivant's generation and distribution business units are subject to extensive and stringent safety, health and environmental laws and regulations. The Company's subsidiaries and associates have incurred, and expect to incur, operating costs to comply with these laws and regulations. Annual capital expenditures relating to the compliance with safety, health and environmental laws and regulations are expected to be made by Vivant's subsidiaries and associates.

(xiii) Employees

In 2019, the Company's power subsidiary, Vivant Energy, was operationalized to allow it to focus on growing the business. Following the lead of Vivant Energy, in 2021, the Company's infrastructure subsidiary, Vivant Infracore, was operationalized to focus on its independent business strategy and existing projects.

Vivant, in the meantime, will continue to provide shared services and serve as an incubator for new businesses. At the parent company level, Vivant has a total of 89 employees as of December 31, 2022, composed of executive, supervisory and rank-and-file staff.

The table below provides a breakdown of the total employee headcount.

	Headcount
Executive	15
Managers	21
Rank & File	53
Total	**89**

The Company has no existing collective bargaining agreement with its employees.

(xiv) Major Risks Involved in the Business

Below is a brief discussion on the risks that Vivant, through its subsidiaries and associates, might encounter in the businesses in which it is involved in. Certain risks, however, are inherent to the nature of the business that are beyond Vivant's or its subsidiary's or associate's control.

Insurance Risk

The energy sector is seeing continued insurance capacity withdrawal as a result of pressure on insurers to put in place wider policies on sustainability thereby eliminating capacities for coal, as well as gradually phasing it out for oil and gas. Moving forward, projects associated with fossil-fired assets will see limited available coverage or, at least, cease to be available at economically acceptable premiums. Additionally, Vivant and its subsidiaries and associates are also exposed to the risk of existing insurable assets not being adequately covered because of exclusions and limitations on coverage and claims not being honored, both of which result in financial losses.

To manage these risks, the Company regularly reviews its existing policies for sufficiency and enhancements where relevant. The Company is developing partnerships with other insurance brokers to ensure that appropriate measures are in place to address the hardening market. The Company is also evaluating the use of non-traditional insurance or alternative risk solutions.

Financing Risk

Linked to the Company's expansion and growth plans, the Company requires access to debt and equity financing. There is a risk of funding not being available at financial close or being available but subject to unfavorable terms and conditions. This may lead to missed investment opportunities or lower project returns due to inefficient project capitalization.

Financing is affected by several factors such as the regulatory, legal, and contractual framework governing the specific projects, the current investment climate, and the credit standing of its subsidiaries and affiliates. To manage the risks related to financing, the Company does market monitoring, which includes exploration and evaluation of other financing options. Moreover, the Company, through its Treasury department, conducts regular discussions with partner banks.

Business Continuity Risk

Interruption of normal operations brought about by natural calamities, major equipment failures, plant accidents, and terrorism are just a few of the serious risks faced by the Company, through its subsidiaries and associates.

For risks that can be mitigated by the Company, particularly those that are plant operations-related, Vivant, through its subsidiaries and associates, implements regular preventive maintenance programs in all of its facilities. In relation to its risk management process, the Company's operating units that could procure business interruption insurance to cover the potential loss in gross profits in the event of a major damage to any of the facilities have done so. A review of the business continuity management plans was also conducted to determine the suitability, adequacy, and effectiveness of the plans and processes in place and to implement improvements to the processes where relevant.

Regulatory Risk

Vivant is operating in businesses that are heavily regulated by the government. The continuing scrutiny by both the regulators and the public has also led to the growing challenges faced by the power and water industries. In its effort to manage any potential fundamental changes in the business environment, Vivant has developed and maintained good working relations with key regulatory agencies. The Company actively participates in the formulation of new rules and policies covering the power industry through its memberships in industry organizations. The Company also closely monitors any regulatory changes and analyzes the impact of such changes to its businesses.

Due Diligence and Project Risk

Vivant, through its subsidiaries and associates, has projects in the pipeline, involving greenfield and brownfield development projects both in power and water infrastructure. Inherent to these projects are risks involving the completion of these projects according to specifications, budget and set timelines. In the pre-development stage, risks include misallocation of resources, uncompetitive pricing resulting to opportunity loss, and unmet investment opportunities.

In the pre-development stage, Vivant engages project consultants and conducts review of various methodologies to ensure that the valuation models are sound and reasonable. And to ensure the successful implementation of these projects, Vivant, through its subsidiaries and associates, partners with known contractors and suppliers who have good track record in the industry. Technical consultants and project monitoring activities are likewise employed to assure adherence to standards, budget, and set timelines.

Talent Risk

Finding and keeping talent continue to be one of the biggest challenges that organizations face. Vivant, together with its subsidiaries and affiliates, have encountered difficulties related to talent risk such as employee retention, succession planning, and the ability to attract and retain key personnel, especially those that require technical expertise. The hybrid work set-up adopted by the Company have also resulted to issues related to communication and culture, which may lead to disengaged, unproductive, or dissatisfied employees.

Vivant has adopted several strategies to overcome these challenges. To address issues on attraction, recruitment and onboarding initiatives were reviewed and updated. To boost retention, employee surveys were conducted, learning and growth and safety and wellness programs were enhanced, and talent management activities were improved through periodic formal and informal performance discussions. As the pandemic alert levels lowered, company-wide activities and events such as the annual kick-off, town hall sessions, and One Vivant events (e.g. summer outing, holiday party) were conducted in-person. Key Talent Review sessions, chat and brew with executives, synergy series, managers' huddles, and department planning sessions were also conducted. Key information was cascaded on a timely basis and the 'One Vivant' culture initiatives were strengthened throughout the year. These actions mitigated the issues on communication and connection within the Company.

Item 2. Properties

Vivant's head office is located at the 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu.

On a consolidated basis, the Company's 2022 total Property, Plant and Equipment were valued at Php5,877.6 mn as compared to Php3,379.7[8] mn in 2021. The breakdown is as follows:

	2022 (Php mn)	2021 (Php mn; Restated)
Land	494.2	54.4
Plant Machineries & Equipment	3,313.6	518.9
Condominium Units, Building, and Improvements	138.7	148.2
Transportation Equipment	43.1	39.9
Office Furniture, Fixtures and Equipment	24.1	23.9
Tools and Other Assets	148.5	98.8
Leasehold & Land Improvements	37.3	50.6
Construction in Progress	1,678.1	2,444.9
TOTAL	**5,877.6**	**3,379.7**

[8] The restatement of Property, Plant and Equipment is attributed to the determination of the final amount of fair value of the assets and liabilities of two subsidiaries acquired in 2021. As allowed under Philippine Financial Reporting Standards (PFRS) 3, *Business Combinations*, the assets recognized and liabilities assumed on an acquisition that qualifies as a business combination were based on provisional assessment of their fair value. The determination of the final amount is subject to change within one year of measurement period after the acquisition date.

Item 3. Legal Proceedings

Material Pending Legal Proceedings

I. 1590 EC

SC G.R. No. 210245
Bayan Muna Representatives NERIC JAVIER COLMENARES, et al., vs. Energy Regulatory Commission, et al.

SC G.R. No. 201255
National Association of Electricity Consumers for Reforms, et al. vs. Manila Electric Company, et al.

SC G.R. No. 210502
Manila Electric Company vs. Philippine Electricity Market Corporation, et al.

On December 19 and 20, 2013, two (2) separate Petitions were filed by Bayan Muna Representatives and National Association of Electricity Consumers for Reforms (NASECORE) against the ERC and Manila Electric Company (MERALCO), et al. to enjoin MERALCO from implementing its power rate increase that was approved by the ERC and to hold certain provisions of Republic Act No. 9136, otherwise known as the EPIRA, as unconstitutional. As a result of the Petitions, the Supreme Court En Banc ordered several generation companies to be included as additional parties-respondents to the cases, including 1590 EC, its power rate increases approved by the ERC. Oral Arguments were conducted and the relevant legal pleadings were submitted to the Supreme Court. On August 3, 2021, the Supreme Court rendered a Decision declaring the March 3, 2014 Order of the ERC as null and void. This is the Order that voided the WESM prices. The Supreme Court affirmed the December 9, 2013 Order of the ERC on the staggered payment of generation charge. Motions for Reconsideration were filed by the petitioners. In a Resolution dated October 11, 2022, the Supreme Court resolved to deny with finality the Motions for Reconsideration and an Entry of Judgment was rendered, certifying that the Decision became final and executory on the same date.

C.A. G.R. No. 138105
Petition for Review With Application for Injunction and Temporary Restraining Order

1590 Energy Corporation vs. Energy Regulatory Commission And Philippine Electricity Market Corporation

On November 7, 2017, the Court of Appeals (CA) issued a Decision that declared as null and void the March 3, 2014, March 27, 2014, May 9, 2014 and October 15, 2014 Orders of the ERC and reinstated the prices for the November and December 2013 supply months in the WESM (the CA Decision). According to the CA, there was simply no justification, legal or factual, to substantiate the ERC's issuance of the March 3, 2014 Order which was effectively an intervention of WESM's operations. The ERC and Intervenor Meralco filed their respective Motions for Reconsideration to the CA Decision. Numerous other consumers and organizations also filed their respective Motions for Leave to Intervene in the case for the purpose also of seeking a reconsideration of the CA Decision. In an Omnibus Resolution dated March 29, 2019, the CA denied the Motions for Reconsideration.

Thereafter, the ERC filed a Petition for Review on Certiorari with the Supreme Court under Rule 45 of the CA's Decision dated November 8, 2017 and the Omnibus Resolution dated March 29, 2019. The Petition for Review remains pending.

ERC Case No. 2015-042 MC
Violation of Section 45 of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act No. 2001" (EPIRA), Rule 11, Sections 1 of the Implementing Rules and Regulations (IRR) of the EPIRA (Commission of an Anti-Competitive Behavior, Particularly Economic Withholding ATTY. ISABELO JOSEPH P. TOMAS II vs. 1590 Energy Corporation

On June 10, 2015, Atty. Isabelo Joseph P. Tomas II, in his capacity as the Investigating Officer of the Investigatory Unit constituted by the ERC pursuant to its Office Order No. 38, Series of 2013 dated December 26, 2013, filed a Complaint against 1590 EC for alleged Anti-Competitive Behavior, particularly, the Physical Withholding in relation to the bid offers of 1590 EC at WESM during the November and December 2013 billing months. 1590 EC filed its Answer to the Complaint within the reglementary period. On August 11, 2016 1590 EC received an "Omnibus Motion [(i) to consolidated cases and (ii) Defer Pre-Trial]" from the Investigating Officer, to which 1590 EC filed its "Comment/Opposition to the Omnibus Motion [(i) to consolidated cases and (ii) Defer Pre-Trial]." On June 13, 2017, the ERC denied the Motion for Consolidation.

On March 29, 2021, the ERC held a virtual hearing to apprise the parties of the status of the case, in view of the resignation of the members of the Investigatory Unit.

III. Delta P
Civil Case No. 5778
Heirs of Laurentino Ylaya represented by Fe Ylaya and Glenn C. Gacott
Vs. City Government of Puerto Princesa represented by
Mayor Lucilo Bayron and Delat P, Inc.

On August 31, 2018, DPI received Summons for a Complaint for "Quieting of Title, Recovery of Possession, Declaration of Nullity of Contract of Lease (with Prayer for TRO and Injunction)" filed by Fe Ylaya and Glenn Gacott. The City Government of Puerto Princesa ("CGPP") was made a co-defendant. The Complaint claimed that the expropriation proceedings by the CGPP was incomplete because of failure to promptly pay just compensation. The properties subject of the Complaint is the site of DPI's power plant over which DPI signed a Contract of Lease with CGPP. Complainants alleged to be the previous owners of the properties and prayed for CGPP and DPI to peacefully surrender and vacate the properties, declare the CGPP Contract of Lease to be void, demanded payment of rental and damages in the total amount of Php774,413.00. After the submission of the parties respective closing Memorandum, the case will be submitted for decision by the court.

IV. INEC
Civil Case No. MAN-8450
Bantayan Island Power Corporation and Container Corporation of the Philippines (Consortium) vs. Bantayan Island Electric Cooperative, Inc. (BANELCO), BANELCO Third-Party Bids and Awards Committee, and Consortium of Vivant Integrated Diesel Corporation and Gigawatt Power, Inc.

On November 13, 2019, Bantayan Island Power Corporation and Container Corporation of the Philippines (Consortium) filed a Petition for Injunction (with Application for Issuance of a 72-hour Restraining Order, TRO and/or Writ of Preliminary Injunction) against BANELCO, BANELCO Third-Party Bids and Awards Committee, and Consortium of VIDC and GPI (the "Consortium"). This case is docketed as Case No. 3450 with the Mandaue City RTC. The RTC has recognized the legal standing of INEC to be joined as a party to the case, being the incorporated Consortium.

On November 13, 2019, the RTC Executive Judge found no basis to grant an ex-parte restraining order. On November 29, 2019, the RTC denied the application for issuance of TRO. On December 21, 2020, the RTC denied the application for issuance of preliminary injunction.

The case was re-raffled to another RTC Branch (Branch 88) following the failure of the mandatory mediation and Judicial Dispute Resolution. On February 14, 2022, RTC Branch 88 issued an Order declaring that it has no jurisdiction over the subject matter, and considered the case archived, without prejudice to its revival. Thereafter, with the decision of the ERC granting provisional authority to the PSA of BANELCO and Isla Norte, RTC Branch 88 issued a Joint Resolution dismissing the case because the ERC has already settled the issue on the failure of bidding raised in the Petition. Petitioner then filed a Motion for Reconsideration that was opposed by Respondents. This is pending decision with RTC Branch 88.

CA-G.R. No. 13695
Twentieth Division, Court of Appeals-Cebu City

On June 16, 2020, Bantayan Island Power Corporation and Container Corporation of the Philippines (BIPCOR Consortium) filed a Petition for Certiorari with the Court of Appeals (Cebu City) (CA-Cebu), alleging grave abuse of discretion on the part of RTC for its alleged partiality and bias. This is docketed as CA-G.R. No. 13695 with the Twentieth Division of CA-Cebu. In a Notice from the CA-Cebu that was received on January 8, 2021, the defendants were required to file their Comment to the Petition for Certiorari. VIDC and INEC were able to file their Joint Comment within the reglementary period.

CA-G.R. No. 13698
Eighteenth Division, Court of Appeals-Cebu City

On February 17, 2021, INEC received from the Consortium a Motion to Withdraw (Petition for Certiorari dated June 29, 2020) (the 2nd Petition), which INEC has yet to receive. The 2nd Petition is against the same defendants that is docketed as CA-G.R. No. 13698 with the Eighteenth Division of CA-Cebu. The 2nd Petition remains pending as CA-Cebu has yet to act on the Motion to Withdraw.

Nineteenth Division, Court of Appeals-Cebu City

In an Order dated March 8, 2021, the Nineteenth Division granted the Motion for Consolidation filed the petitioners. Thus, the CA-G.R. No. 13695 was consolidated with CA-G.R. No. 13698.

In a Resolution dated September 8, 2021, the Court of Appeals denied the prayer for issuance of a TRO and writ of preliminary injunction. The main case for injunction remains pending.

Item 4. Submission of Matters to A Vote of Security Holders

During the June 16, 2022 Annual Meeting of the Stockholders, the following actions were taken:

(1) Approval and adoption of the minutes of the June 17, 2021 Annual Stockholders' Meeting;
(2) Annual Report of Officers;
(3) Approval of the 2021 Annual Report and Financial Statements
(4) Appointment of External Auditor for 2022
(5) Election of Directors for the year 2022-2023

Regular Directors

Mr. Ramontito E. Garcia
Mr. Arlo Angelo G. Sarmiento
Mr. Jose Marko Anton G. Sarmiento
Mr. Charles Sylvestre A. Garcia
Mr. Gil A. Garcia II
Mr. Emil Andre M. Garcia
Ms. Brigette Cecil N. Garcia

Independent Directors

Mr. Carmelo Maria L. Bautista
Mr. Jose Carlitos G. Cruz
Atty. Jose M. Layug, Jr.
Mr. Joseph L. Sullivan

(6) Ratification of all Acts and Resolutions of the Board of Directors and Management Adopted for Fiscal Year 2021

Below is the summary of votes taken:

	ITEM	APPROVE	DISSENT	ABSTAIN
1	Minutes of the June 17, 2021 Annual Stockholders' Meeting	868,581,887	0	0
2	2021 Annual Report and Financial Statements	868,581,887	0	0
3	Appointment of External Auditor for 2022	868,581,887	0	0
4	Directors for the year 2022-2023			
	• Mr. Ramontito E. Garcia	868,581,887	0	0
	• Mr. Arlo Angelo G. Sarmiento	868,581,887	0	0
	• Mr. Emil Andre M. Garcia	868,581,887	0	0
	• Mr. Gil A. Garcia II	868,581,887	0	0
	• Mr. Charles Sylvestre A. Garcia	868,581,887	0	0
	• Mr. Jose Marko Anton G. Sarmiento	868,581,887	0	0
	• Ms. Brigette Cecile N. Garcia	868,581,887	0	0
	• Mr. Carmelo Maria L. Bautista	868,581,887	0	0
	• Mr. Jose Carlitos G. Cruz	868,581,887	0	0
	• Atty. Jose M. Layug, Jr.	868,581,887	0	0
	• Mr. Joseph Lee Sullivan	868,581,887	0	0
5	Ratification of all Acts and Resolutions of the Board of Directors and Management Adopted for Fiscal Year 2021	868,581,887	0	0

Other than the foregoing, no matter was submitted to a vote of security holders.

The results of the foregoing meeting were timely disclosed to the PSE and SEC in SEC Form 17-C report.

PART II: OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

1. Market Information

The Company's common shares are listed and traded at the Philippine Stock Exchange. The high and low stock prices of Vivant's common shares for each quarter of 2021 and 2022 were as follows:

	2021		2022	
	High	Low	High	Low
First Quarter	16.18	13.30	16.72	14.02
Second Quarter	18.00	13.80	16.74	14.04
Third Quarter	18.90	14.00	18.38	14.14
Fourth Quarter	16.54	14.50	16.94	12.82

As of March 31, 2023, the common shares outstanding were 1,023,456,698 shares. The last traded price of Vivant's common shares as of the same period was at Php 13.64 per share.

2. Security Holders

As of March 31, 2023, Vivant has 1,410 stockholders of record, including PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Foreign). The top 20 shareholders with the number of shares respectively held and the percentage of total shares outstanding held by each are as follows:

	NAME	NO. OF SHARES	%
1	Mai-I Resources Corporation	464,831,568	45.42
2	JEG Development Corporation	311,524,642	30.44
3	PCD Nominee Corporation (F)	185,681,370	18.14
4	Popsivan Holdings Corporation	31,498,212	03.08
5	Malacapas Holdings, Inc.	27,677,848	02.70
6	Eulalio C. Arce	343,750	00.03
7	Alfredo A. Cruz	34,062	00.00
8	Marietta P. Lavin	27,750	00.00
9	PCD Nominee Corporation (NF)	22,107	00.00
10	EBC Securities Corporation	20,625	00.00
11	Consortium Industries, Inc.	20,500	00.00
12	Rose Marie R. Lopez	19,687	00.00
13	Marino Olondriz Y Cia	16,000	00.00
15	Rosario Paje Rivera	15,625	00.00
14	Rodulfo Sevilla	15,625	00.00
15	Jun M. Borres	15,000	00.00
15	Anita Te &/or Oscar Te	15,000	00.00
18	Ocar O. Martinez	13,437	00.00
19	Sia Phoa A. Hon	12,625	00.00
20	Ramon Cojuangco, Jr.	12,501	00.00
	TOTAL NO. OF SHARES	**1,021,817,943**	**99.84**

3. Dividends

The Company's By-laws allow dividends to be declared and paid out of unrestricted retained earnings, which may be payable in cash, property or stock to all stockholders on the basis of the outstanding stock held by the stockholder, as often and at such times as the Company's Board of Directors may determine and in accordance with the requirements of the Corporation Code and applicable laws.

The cash dividends declared by Vivant to its common shareholders from 2021 to 2022 are shown in the table below.

Year	Cash Dividend Per Share		Total Declared		Record Date
	Regular	Special	Regular	Special	
2021	Php 0.35	-	Php 358.2 mn	-	June 4, 2021
2022	Php 0.4341	-	Php 444.3 mn	-	May 13, 2022

4. Recent Sales of Unregistered Securities

On January 29, 2014, the Company signed a NFAto issue Php 3 billion (bn) in FRCN, which were issued in two tranches: Php 1 bn on February 3, 2013 and Php 2 bn on March 31, 2014 (2014 Notes). The net proceeds of the issue were used for general corporate purposes, including but not limited to, capital expenditures for existing assets and investments in power generation projects.

On December 4, 2020, the Company signed a NFA to issue Php3 bn worth of FRCN with tenors of two (2) years and five (5) years (2020 Notes). The proceeds from the issuance of the 2020 Notes will be used to finance capital expenditures for existing assets and investments in power generation and/or water infrastructure projects and partly to refinance the existing 7-year 2014 Notes which matured in February 2021. The Company made full drawdown in January 2021. The outstanding 2020 Notes amount to PHP2,950,000,000 after a Php50 mn token amortization paid in January 2022.

Item 6: Management's Discussion and Analysis or Plan of Operation

1. Plan of Operation

For the next 12 months, the Company will continue to oversee its investments in the investee companies.

As a holding company, it shall satisfy its cash requirements through (1) dividends declared and paid by its investee companies, and (2) management and service fees paid by investee companies as compensation for consultancy, management, shared and other ancillary services provided.

Vivant, through its subsidiaries' business development groups, is continuously on the lookout for opportunities in the power and water industries. The Company has several projects that are in various stages of development.

2. Management's Discussion and Analysis

Management uses the following key performance indicators for the Company and its investee companies:

(i) Equity in Net Earnings (or Loss) of Associates. Equity in net earnings or (loss) of associates is the Company's share in the income or loss of associates, or investee companies accounted for under the equity method. It indicates the profitability of the associates and measures their contribution to the profitability of the parent.

(ii) Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). EBITDA is calculated by taking operating income and adding back to it interest, depreciation, and amortization expenses. Since EBITDA eliminates the effects of financing and accounting decisions, it can provide a relatively good comparison of the performance of the Company with other players in the industry. It also provides a good measure of the Company's ability to generate cash from operations to cover financial charges and income taxes.

iii) Cash Flow Generated. Cash flow generated indicates the ability of the Company to generate enough cash for operating, investing, and financing activities.

(iv) Debt-to-Equity Ratio (DER). DER gives an indication of the Company's leverage position and is computed by dividing total liabilities with total stockholders' equity.

(v) Current Ratio. Current ratio is computed by dividing current assets with current liabilities. This indicates the liquidity of the Company in the short term and measures the peso amount of current asset available to cover a peso amount of current liability.

The financial statements as of and for the year ended December 31, 2021 are restated due to the following:

1. There was a change in accounting policy for accounting the Company's investment in an associate engaged in power distribution business with respect to the associate's power distribution utility assets, i.e., from the revaluation model to the cost model. PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, requires that the change in accounting policy is accounted for retrospectively, which impacts the investment in associate and joint ventures, retained earnings, equity in net earnings of associates and joint ventures, and share in revaluation increment of an associate, net of tax.

2. As allowed by PFRS 3, *Business Combination,* the assets recognized and liabilities assumed as a result of a subsidiary's acquisition of two power generation subsidiaries in 2021 were based on provisional assessment of the fair value of the assets and liabilities of the acquired companies. After the one-year provisional accounting period, the revised purchase price allocation resulted in a fair value adjustment to Property, Plant and Equipment, and the recognition of intangible assets representing the acquirees' power supply agreements with customer electric cooperatives. The recognition of these adjustments started in 2021, which was the year of investment.

The table below shows the comparative figures of the key performance indicators for the years 2022 and 2021, as restated.

Key Performance Indicators *Amounts in Php '000, except for ratios*	**2022**	**2021 (Restated)**
Equity in Net Earnings of Associates and Joint Ventures	1,941,357	1,838,491
EBITDA	2,380,990	2,816,861
Cash Flow From / (Used in)	(810,510)	761,564
Net cash flows from (used in) operating activities	(255,655)	477,905
Net cash flows from (used in) investing activities	(1,572,793)	567,324
Net cash flows from (used in) financing activities	1,017,938	(283,665)
Debt-to-Equity Ratio (x)	0.48	0.43
Current Ratio (x)	1.87	5.46

The Company's share in the net earnings of associates and joint ventures as of end-December 2022 amounted to Php 1.9 bn, representing a 6% year-on-year (YoY) increase from Php 1.8 bn. This was a result of the following:

1. 40%-owned AHI posted a 13% increase in its income contribution to Php 382.4 mn as of end-2022 from Php 338.2 mn as of end-2021. This was driven by the increase in profitability of its associate, CEDC. CEDC's robust performance during the period in review was on the back of higher revenue on the sale of excess capacity to the WESM and reduced debt service.

2. 40%-owned MPC brought in earnings contribution of Php 373.4 mn as of end-2022, 70% higher vis-à-vis the Php 220.2 mn as of end-2021. This was on account of the 18% YoY growth in the gross profit from bilateral contracts and lower debt service after the principal amortizations of a long-term loan were made during the year in review.

3. 20%-owned TVI recorded an income contribution of Php 380.3 mn as of end-2022, which was 111% higher YoY from Php 180.6 mn. One-off gains resulting from the company's fuel cost management was recognized during the year. TVI was likewise able to take advantage of favorable market conditions at the spot market, which resulted to a 26% expansion in revenue contribution. These offset the lower sales from bilateral contracts (down by 8% YoY) due to the devastation caused by Typhoon Odette in December 2021 and lower revenues from RES contracts (down by 25% YoY) due to increased cost of power.

4. 50%-owned DPI recorded a 45% YoY growth in its income contribution to Php 36.5 mn as of end-2022. This was mainly attributable to the 34% YoY increase in volume of energy sold during the year in review. As the island of Palawan opened up, the local economy has shown recovery with business activities picking up. Moreover, DPI incurred lower cost of repairs during the year in review.

5. 50%-owned CIPC showed an 85% YoY rise in its income contribution to Php 47.5 mn as of end-2022. This was mainly brought about by the 32% YoY rise in volume of energy sold backed by the recovery in economic activities in the islands.

6. 45%-owned FLOWS, through its 89.6%-owned subsidiary, PPWRLC, shored in a fresh income contribution of Php 6.4 mn during the year in review. This was on account of the earnings from the sewage and septage component of its wastewater treatment operations in Palawan, which commenced commercial operations in the first quarter of 2022.

The above improvements in earnings contributions were tempered by the following:

1. VECO, the Company's distribution utility, posted a Php 755.3 mn income contribution during the year in review, a 7% drop from its Php 814.1[9] mn earnings contribution as of end-2021. The devastation caused by Typhoon Odette in December 2021 resulted to a prolonged power outage in Cebu. Restoration works of VECO resulted to phased in energization of its franchise area. The volume of electricity sold in the months of January and February 2022 went down by 29% compared to the same period in 2021. The utility's electricity sales volume recovered starting in March as it posted a 7% YoY increase for the remaining ten (10) months of the year. This, however, was offset by the waiver of certain charges as a financial assistance to its customers and the delayed recovery of generation charges, which resulted to the lower profit contribution for the year.

2. 40%-owned CPPC recorded a Php 31.6 mn net loss contribution during the year in review, a reversal of the Php 221.1 mn net income contribution as of end-2021.

[9] Reported as Php 745.6 mn in the SEC 17A FY 2021, which accounted the share in the equity earnings from VECO using the revaluation model. In 2022, the Company elected to change its policy in applying the equity method with respect to VECO's power distribution utility assets, i.e., from the revaluation model to the cost model.

Revenue from its sale of energy to the WESM rose by 164% YoY, but this did not fully compensate for the termination of its bilateral contract in August 2021.

3. 40%-owned Prism Energy, a RES company, saw a 77% YoY decline in its income contribution to Php 4.9 mn as of end-2022. Increased cost of purchased power per kilowatt-hour (kWh), which went up by 20% YoY, mainly accounted for this earnings contraction.

EBITDA as of end-2022 was down by 15% YoY to Php 2.4 bn from Php 2.8 bn[10]. This was mainly an outcome of the 21% YoY decrease in operating income to Php 1.9 bn, which stemmed from:

1. Management and service fees fell by 15% YoY to Php 86.8 mn. This was mainly due to a non-recurring service contract with an associate in 2021. The reduced fee of a service contract with another associate also contributed to the drop in revenue.

2. Engineering service revenue as of end-2022 was at Php 30.1 mn, 27% lower than end-2021's Php 42.0 mn. Wholly-owned Corenergy saw improved topline contribution from its engineering solutions business, which shored in a revenue of Php 30.9 mn as of end-2022. This, however, was offset by the significant reduction in 60%-owned WMP's revenues from third party engagements. In 2022, WMP's revenue from service contracts with external customers was significantly outweighed by the revenue from an Engineering, Procurement and Construction (EPC) contract with another subsidiary through wholly-owned VHHI for the development of a desalination plant. In 2021, WMP had engineering service contracts with external customers, which were completed in the same year.

3. 98% YoY spike in total cost of services as generation cost was 104% higher YoY. This was on the back of the increased dispatch of 55.2%-owned 1590 EC and 65%-owned INPC[11], higher plant repairs and depreciation incurred by 1590 EC, higher cost of purchased power of Corenergy as energy sales went up, and the increased direct costs incurred to service additional customers of 100%- owned CSSC as of end-2022.

   The cost of operating the solar energy supply contracts of 100%-owned VSC starting in January 2022 and Corenergy's solar rooftop business starting in the first quarter of 2022, and a full year's worth of generation cost incurred by 90%-owned BPC and NBPC also contributed to the cost expansion during the year in review. Equity stakes in BPC and NBPC were acquired in May 2021.

4. 18% YoY rise in operating expenses.

[10] Includes the impact of the change in accounting for the equity share in the net earnings of VECO from revaluation method to cost method.

[11] On May 19, 2022, INEC and Isla Norte ntered into a plan of merger with INPC as the surviving company, and that the SEC subsequently approved the Articles and Plan of Merger on December 29, 2022.

However, the reduction in EBITDA was mitigated by the following:

1. Sale of power grew by 44% YoY to Php 4.4 bn from Php 3.1 bn. This can be attributed to the revenue generated by the Company's investments in oil-fired power plants, RES and solar rooftop businesses.

   Oil-fired Power Plants
   - 65%-owned INPC shored in a revenue contribution of Php 752.9 mn (up by 703% YoY) driven by higher energy sales during the period with the completion and operation of its 23.3-MW power generation facility in November 2021.

   - 90%-owned BPC and NBPC brought in revenue contributions of Php 97.2 mn and Php 72.3 mn, respectively, as of end-2022. The Company, through wholly-owned subsidiaries VEC and VIDC acquired both BPC and NBPC in May 2021.

   - 55.2%-owned 1590 EC saw a rise in topline performance to Php 2.8 bn as of end-2022, 10% higher YoY. This was on account of higher revenue from WESM sales as volume of energy sales went up by 35% YoY.

   Retail Electricity Supply
   - 100%-owned Corenergy showed higher RES revenues (up 112% YoY) as of end-2022. This strong showing was due to the increased volume sales and customer base.

   Solar Rooftop
   - 100%-owned CSSC, posted a 78% YoY expansion in its topline performance on account of improved customer base during the period in review.

   - 100%-owned VSC and the solar rooftop component of 100%-owned Corenergy contributed fresh revenue of Php 3.5 mn and Php 3.6 mn, respectively. This was a result of the commercial operations of their facilities in in the first quarter of 2022.

2. 6% YoY expansion in equity earnings resulting from the increase in the income contributions of four associates and two joint ventures as of end- 2022. These are AHI, MPC, TVI, DPI, CIPC and FLOWS.

3. Interest income increased by 162%, which was driven by higher interest rates for short-term money market placements.

4. Engineering service fees were 65% lower YoY, which was mainly a consequence of the reduced service billings of WMP. Most of its contracts with external customers were completed in 2021. In 2022, WMP's service contracts with IMCC outweighed its service contracts with external customers. On the other hand, Corenergy saw a significant increase in its engineering cost (up by 523% YoY) to service a robust growth in its engineering solutions business.

The Company ended 2022 with a net decrease in cash, before considering the effect of changes in the foreign exchange rates, in the amount of Php 810.5 mn. This was a shift from the net increase in cash as of end-2021 in the amount of Php 761.6 mn. Investing activities, which significantly accounted for the net decrease in cash, showed a spending of Php 1.6 bn as of end-2022 vis-à-vis the net cash inflows of Php 567.3 mn as of end-2021. The net cash flows used in operating activities amounting to Php 255.7 mn further contributed to the reduction in cash level during the year in review. The net decrease was tempered by the net cash inflows of Php 1.0 bn from financing activities as of end-2022.

Operating activities showed a net cash outflow of Php 255.7 mn as of end-2022, which was mainly from reduced operating results before working capital changes (down by 58% YoY). Increased trade receivables (due to improved operations of 1590 EC, INPC, Corenergy, VSC and CSSC), advance payment to suppliers (mostly for WMP's technical and engineering service providers), and higher interest payments (coming from the short-term loans of 1590 EC, additional loan drawn by INPC, and the refinancing of the long-term loans of BPC and NBPC which had higher loan amount and interest rate) further contributed to the cash outflow during the year in review. As of end-2021, the Company generated cash from operating activities in the amount of Php 477.9 mn.

Investing activities ended the year in review with a net cash outflow of Php 1.6 bn, which was on account of the following:

1. 1590 EC's purchase of the previously leased BDPP;
2. Capital expenditure for the acquisition of a real property and equipment by INPC, pre-development costs incurred by IMCC for a desalination plant, solar projects of CSSC and VSC, and the Company's purchase of other fixed assets; and
3. Additional investments in an associate and a financial asset.

These were offset by dividends received from VECO, AHI, MPC, CIPC and DPI during the year in review.

In 2021, the Company's investing activities posted a net cash inflow of Php 567.3 mn, which was mainly on account of the dividends received from associates and joint ventures, proceeds from the disposal of fixed assets and equity shareholdings in an associate by VEC and VREC, and the sale of an Available-for-sale (AFS) investment by 50.9%-owned HDFE.

Financing activities as of end-2022 generated cash in the amount of Php 1.0 bn, a reversal of the Php 283.7 mn net cash outflow as of end-2021. The inflows during the year in review mainly stemmed from 1590 EC's short-term loan, which was used to settle the advances from its shareholders, and the additional equity infusion made by its minority shareholders to fund the purchase of the BDPP. Also, proceeds from the additional investments of the minority shareholder of INPC, BPC's and NBPC's long-term loan drawn in June 2022 (net of the settlement of another loan), and INPC's long term loan drawn in July 2022 and short term loan drawn in October 2022 were additional sources of cash. Meanwhile, spending as of end-2021 were mainly for the payment of dividends by the Company, 1590 EC and BPC, and lease payments by the Company, 1590 EC and WMP.

Financial Ratios

Debt-to-Equity ratio went up to 0.48x as of end-2022, vis-à-vis as of end-2021 level of 0.43x[12]. Total liabilities increased by 21%, which was mainly attributable to the short-term loan of 1590 EC used to pay off the advances from its shareholders to fund the purchase of the BDPP. Trade and other payables also went up on the back of improved energy operations of 1590 EC, INPC and Corenergy, on-going engineering work for a project of WMP, price increase for spare parts seen in 1590 EC, dividend payable by the Company (unclaimed portion only) and NBPC. The liability expansion was offset by the derecognition of the finance lease liability related to the termination of the lease agreement with the PGLU because of the BDPP acquisition in April 2022. Meanwhile, total equity rose by 9%, which stemmed from the earnings for the period and an unrealized valuation gain on financial assets at fair value through other comprehensive income (FVOCI), net of the dividends declared by the Company during the year in review.

The Company's current ratio declined to 1.87x as of end-2022 from year-end 2021 level of 5.46x. Current liabilities significantly grew by 188% from end-2021 level. The short-term loan of 1590 EC and INPC, the reclassification of the Company's Php 1.0 bn FRCN maturing on January 2023 from noncurrent to current liability, increase in trade and other payables (attributed to improved operations and price increases for fuel and spare parts), and higher income tax payable ((due to increased taxable income from improved operations of Corenergy, INPC, VSC, WMP, BPC, NBPC and rental income of 100%-owned Vivant Realty Ventures Corporation (VRVC)) contributed to the rise in current liabilities. This was offset by the derecognition of the current portion of the finance lease liability booked in 1590 EC. On the other hand, current assets dipped by 2%. The lower cash levels as of end-2022 were offset by the increase in trade receivables given the improved operations of 1590 EC, INPC, Corenergy, CSSC, VSC, BPC and NBPC, purchase of fuel inventories of 1590 EC and INPC, advance payment made by WMP for various technical and engineering services, and advances to an associate and a joint venture for pre-development project requirements.

Material Changes in Line Items of Registrant's Income Statement

As of end-2022, the Company's total revenues amounted to Php 6.5 bn, recording a 29% YoY rise from Php 5.1 bn. The topline performance was attributable to the following:

1. Sale of power grew by 44% YoY to Php 4.4 bn from Php 3.1 bn. This was mainly due to the revenue generated by the Company's investments in oil-fired power plants, RES and solar rooftop businesses.

   Oil-fired Power Plants
   - 65%-owned INPC shored in a revenue contribution of Php 752.9 mn (up by 703% YoY) driven by higher energy sales during the period with the completion and operation of its 23.3-MW power generation facility in November 2021.

[12] Reported as 0.39x in the SEC 17A FY2021. The change is attributed to the increase in total liability for the recognition of a deferred tax liability on the net assets of BPC and NBPC booked at fair value (deemed cost) after the finalization of the purchase price allocation under PFRS 3, *Business Combination*. There was also a reduction in the total equity resulting from the derecognition of the share in revaluation increment of an associate due to the change in accounting policy, i.e, from revaluation to cost method.

- 90%-owned BPC and NBPC brought in revenue contributions of Php 97.2 mn and Php 72.3 mn, respectively, as of end-2022. The Company, through wholly-owned subsidiaries VEC and VIDC acquired both BPC and NBPC in May 2021.

- 55.2%-owned 1590 EC saw a rise in topline performance to Php 2.8 bn as of end-2022, 10% higher YoY. This was on account of higher revenue from WESM sales as volume of energy sales went up by 35% YoY.

Retail Electricity Supply

- 100%-owned Corenergy showed higher RES revenues (up 112% YoY) as of end-2022. This strong showing was attributable to increased volume sales and customer base.

Solar Rooftop

- 100%-owned CSSC, posted a 78% YoY expansion in its topline performance on account of improved customer base during the period in review.

- 100%-owned VSC and the solar rooftop component of 100%-owned Corenergy contributed fresh revenue of Php 3.5 mn and Php 3.6 mn, respectively. This was a result of the commercial operations of their facilities in the first quarter of 2022.

2. Management and service fees fell by 15% YoY to Php 86.8 mn. This was mainly due to a non-recurring service contract with an associate in 2021. The reduced fee of a service contract with another associate also contributed to the revenue drop.

5. Engineering service revenue as of end-2022 was at Php 30.1 mn, 27% lower than end-2021's Php 42.0 mn. Wholly owned Corenergy saw improved topline contribution from its engineering solutions business, which shored in a revenue of Php 30.9 mn as of end-2022. This, however, was offset by the significant reduction in 60%-owned WMP's revenues from third party engagements. In 2022, WMP's revenue from service contracts with external customers was significantly outweighed by the revenue from an EPC contract with another subsidiary. In 2021, WMP had engineering service contracts with external customers, which were completed in the same year.

3. Equity in net earnings of associates and joint ventures as of end-December 2022 amounted to Php 1.9 bn, representing a 6% YoY increase from Php 1.8 bn. This was a result of the following:

    - 40%-owned AHI posted a 13% increase in its income contribution to Php 382.4 mn as of end-2022 from Php 338.2 mn as of end-2021. This was driven by the increase in profitability of its associate, CEDC. CEDC's robust performance during the period in review was on the back of higher revenue on the sale of excess capacity to the WESM and reduced debt service.

    - 40%-owned MPC brought in earnings contribution of Php 373.4 mn as of end-2022, 70% higher vis-à-vis the Php 220.2 mn as of end-2021. This was on account of the 18% YoY growth in the gross profit from bilateral contracts and lower debt service after the principal amortizations of a long-term loan were made in during the year in review.

- 20%-owned TVI recorded an income contribution of Php 380.3 mn as of end-2022, which was 111% higher YoY from Php 180.6 mn. One-off gains resulting from the company's fuel cost management was recognized during the year. TVI was likewise able to take advantage of favorable market conditions at the spot market, which resulted to a 26% expansion in revenue contribution. These offset the lower sales from bilateral contracts (down by 8% YoY) due to the devastation caused by Typhoon Odette in December 2021 and lower revenues from RES contracts (down by 25% YoY) due to increased cost of power.

- 50%-owned DPI recorded a 45% YoY growth in its income contribution to Php 36.5 mn as of end-2022. This can be attributable to the 34% YoY increase in volume of energy sold during the year in review. As the island of Palawan opened up, the local economy has shown recovery with business activities picking up. Moreover, DPI incurred lower cost of repairs during the year in review.

- 50%-owned CIPC showed an 85% YoY rise in its income contribution to Php 47.5 mn as of end-2022. This was mainly brought about by the 32% YoY rise in volume of energy sold backed by the recovery in economic activities in the islands.

- 45%-owned FLOWS, through its 89.58%-owned subsidiary, PPWRLC, shored in a fresh income contribution of Php 6.4 mn during the year in review. This was on account of the earnings from the sewage and septage component of its wastewater treatment operations in Palawan, which commenced commercial operations in the first quarter of 2022.

The above improvements in earnings contributions were tempered by the following:

- VECO, the Company's distribution utility, posted a Php 755.3 mn income contribution during the year in review, a 7% drop from its Php 814.1 mn earnings contribution as of end-2021. The devastation caused by Typhoon Odette in December 2021 resulted to a prolonged power outage in Cebu. Restoration works of VECO resulted to phased in energization of its franchise area. The volume of electricity sold in the months of January and February 2022 went down by 29% compared to the same period in 2021. The utility's electricity sales volume recovered starting in March as it posted a 7% YoY increase for the remaining ten (10) months of the year. This, however, was offset by the waiver of certain charges as a financial assistance to its customers and the delayed recovery of generation charges, which resulted to the lower profit contribution for the year.

- 40%-owned CPPC recorded a Php 31.6 mn net loss contribution during the year in review, a reversal of the Php 221.1 mn net income contribution as of end-2021. Revenue from its sale of energy to the WESM rose by 164% YoY, but this did not fully compensate for the termination of its bilateral contract in August 2021.

- 40%-owned Prism Energy, an RES company, saw a 77% YoY decline in its income contribution to Php 4.9 mn as of end-2022. Increased cost of purchased power per kilowatt-hour (kWh), which went up by 20% YoY, mainly accounted for this earnings contraction.

4. Interest income increased by 162%, which was driven by higher interest rates for short-term money market placements.

Total cost of services and operating expenses as of end-2022 expanded by 43% YoY, from Php 2.6 bn to Php 4.6 bn. Said movement can be accounted for by the following:

1. Total cost of service spiked by 98% YoY to Php 3.7 bn. This can be mainly attributed to the 104% YoY increase in generation cost to Php 3.7 bn from Php 1.8 bn, which resulted from the following cost expansion during the year in review:

    - Increased fuel cost on the back of the rise in fuel consumption by 1590 EC (higher WESM sales) and INPC (servicing of a long-term PSA with a local electric cooperative);

    - Higher cost of purchased power incurred by Corenergy as energy sales volume of its RES business went up by 38% YoY;

    - Hike in the prices of spare parts for plant repairs and higher depreciation seen in 1590 EC;

    - Cost of generation of BPC and NBPC covering a 12-month period. Both subsidiaries were acquired in May 2021;

    - 21% YoY rise in CSSC's cost of service. The installation of additional rooftop facilities led to higher technical services, insurance and depreciation cost;

    - VSC's cost of operating a solar energy supply contract starting in January 2022; and

    - Cost of generation incurred by Corenergy for the operation of its solar rooftop business starting the first quarter of 2022.

    Meanwhile, engineering service fees were 65% lower YoY, which was mainly a consequence of the reduced service billings of WMP since most contracts with external customers were completed in 2021. In 2022, WMP's service contracts with IMCC outweighed its service contracts with external customers. However, Corenergy saw a significant increase in its engineering cost (up by 523% YoY) to service a robust growth in its engineering solutions business.

2. Salaries and employee benefits went up by 21% YoY to Php 390.2 mn from Php 322.4 mn. Increase in headcount, upward adjustment in salary rate, and the payment of the annual performance bonus mainly accounted for the cost expansion. Also, employees had more trainings during the year in review.

3. Professional fees rose by 7% YoY to Php 167.1 mn. This was mainly attributable to higher consultancy fees incurred for project development during the year.

4. Taxes and licenses significantly increased by 96% YoY to Php 78.8 mn from Php 40.2 mn. Documentary stamp taxes were incurred for the infusions made to subsidiaries to fund various power and water infrastructure projects.

5. Depreciation and amortization was 5% higher YoY to Php 54.0 mn. This can be attributed to the depreciation of newly purchased fixed assets.

6. Travel expenses rose by 123% YoY to Php 29.6 mn from Php 13.3 mn. This can be mainly attributed to the increased frequency of business travel brought about by less restrictive travel requirements that started in the second quarter of 2021. Further to this, the oil price hike and higher fuel consumption for fleet cars because of increased face-to-face transactions and more employees working on premise during the year in review contributed to the cost expansion.

7. Management and directors' fees went up by 16% YoY to Php 29.2 mn. The increase in the frequency of board and committee meetings and directors' per diem accounted for the cost expansion.

8. Outside services amounted to Php 19.8 mn, 46% lower YoY. In 2021, 1590 EC incurred a non-recurring technical service fee.

9. Representation expenses rose to Php 14.9 mn as of end-2022, which was a 56% increase from end-2021's Php 9.5 mn. This was mainly due to the increase in face-to-face business meetings with partners and project stakeholders.

10. Communication and utilities were higher by 41% YoY to Php 13.4 mn. This was mainly due to the settlement of delayed billings from the Company's communications service providers covering the fourth quarter of 2021. Higher consumption of water and electricity as a result of the increased number of employees working on premise also contributed to the increase in cost during the year in review.

11. Rent and association dues as of end-2022 dropped to Php 6.5 mn, 25% lower YoY. As of end-2021, the Company settled delayed billings for common use service area (CUSA) and association dues covering various months in 2020.

12. Other operating expenses was at Php 89.5 mn as of end-2022, a 9% increase vis-à-vis Php 81.8 mn as of end-2021. This was mainly attributable to the increased costs for hosting fees for the Company's Enterprise Resource Planning (ERP) and premium for subscriptions to project management and communication software solutions, and higher out-of-pocket expenses related to professional consultancy engagements.

Vivant booked Php 122.8 mn in other charges as of end-2022, vis-à-vis previous year's other charges of Php 31.6[13] mn. This was an outcome of the following account movements:

1. Finance cost for interest bearing loans rose by 57% YoY to Php 259.9 mn. Debt servicing of three subsidiaries accounted for the cost expansion. In 2021, INPC's finance cost was capitalized prior to the start of commercial operation in November 2021. In addition, finance cost of BPC and NBPC as of end-2022 covers twelve months whereas finance cost as of end-2021 covers seven months since equity stakes in both subsidiaries were acquired in May 2021. Meanwhile, the Company's debt service costs related to the FRCN were reduced resulting from the principal amortization payments made during the year in review.

2. The one-off gain of Php 60.4 mn earned as a result of the increase in the fair value of investment properties of three subsidiaries was 43% lower than the Php 106.4 mn in fair value gain for the same investment properties booked in 2021.

3. In 2021, the Company, through its subsidiaries, booked the following one-off gains:

    - VEC booked a gain on bargain purchase of Php 32.1 mn as a result of the finalization of the purchase price allocation under PFRS 3, *Business Combination,* related to its acquisition of the BPC and NBPC in May 2021.

    - VEC and 100%-owned VREC booked a net gain of Php 3.7 mn on the sale of their equity stake in an associate.

    - VEC booked a gain of Php 3.1 mn from the dilution of its equity stake (from 100% to 50%) in a company that will undertake a 15-MW on-grid bunker-fired power plant project in Pampanga.

The above charges were mitigated by the following:

1. 234% YoY increase in unrealized foreign exchange gain to Php 53.8 mn. This significantly pertains to the translation of the US Dollar and Euro cash accounts maintained by the Company and its subsidiaries.

2. Finance cost-lease liabilities significantly dropped to Php 10.8 mn, 79% lower YoY. This was mainly attributable to the derecognition of the finance lease liability booked by 1590 EC resulting from the termination of its lease agreement with the PGLU because of the plant acquisition in April 2021. Amortization of the finance lease liabilities booked by the Company and WMP also contributed to the reduced finance cost.

3. Other income-net rose by 36% YoY to Php 33.7 mn. One-off gain which resulted from the collection of additional proceeds from a share sale transaction entered into and executed by two subsidiaries in 2018, and a one-off billing of a subsidiary for the reimbursement of operating expenses to an associate mainly accounted for the income expansion.

[13] Reported as Php 63.8 mn in the SEC 17A FY 2021. The reduction to Php 31.6 mn is due to the recognition of the gain on bargain purchase amounting to Php 32.1 mn resulting from the finalization of the purchase price allocation for the acquisition of BPC and NBPC in compliance to PFRS 3, *Business Combination*.

As of end-2022, the Company booked a consolidated provision for income tax of Php 89.6 mn, which was 46% lower than previous year's Php 167.1 mn[14]. This was mainly due to the lower 2022 taxable earnings of 1590 EC and INPC.

Taking all of the above into account, the Company recorded a total net income of Php 1.7 bn for the period ending December 31, 2022, which is 24% lower than last year's Php 2.2 bn[15]. Net income attributable to parent, net of the share of the minority shareholders of seven subsidiaries, amounted to Php 1.6 bn, down by 15% YoY.

During the year in review, the Company recognized other comprehensive income (OCI), net of tax, of Php 30.5 mn. This was mainly attributable to the remeasurement gain on employee benefits of the Company, VEC and 1590 EC, and unrealized valuation gain on financial assets at FVOCI booked by a wholly-owned subsidiary.

This compares to the OCI, net of tax, of Php 18.9 mn[16] recognized as of end-2021, which was attributed to the remeasurement gains on the employee benefits of the Company, VEC and 1590 EC, the unrealized valuation gain on financial assets at FVOCI booked by the Company, and share in the remeasurement gains on employee benefits of two associates and a joint venture.

The total comprehensive income as of end-2022 was at Php 1.7 bn. Out of the said amount, Php 1.6 bn was attributable to the equity holders of the parent, which was 14% lower compared to last year's Php 1.9 bn.

Changes in Registrant's Resources, Liabilities, and Shareholders' Equity

The Company's total assets grew by 13%, from end-2021 level of Php 23.4 bn[17] to Php 26.4 bn. The following are the material movements in the consolidated assets of the Company as of end-2022.

1. Cash and cash equivalents was reduced to Php 4.9 bn as of end-2022. Spending for investing activities in the amount of Php 1.6 bn and operating activities in the amount of Php 255.7 mn during the year in review mainly drove the decline in cash. This was offset by the cash inflows from financing activities amounting to Php 1.0 bn.

2. Trade and other receivables went up by 55% YoY to Php 1.4 bn. This was mainly due to the higher trade receivables in 1590 EC, INPC, Corenergy, VSC and CSSC as a result of improved topline performance. This was tempered by the receipt of dividends from DPI and CIPC that were declared in 2021.

[14] Reported as Php 171.2 mn in the SEC 17A FY 2021. The change in amount is mainly due to the increase in income tax benefit resulting from the finalization of the purchase price allocation under PFRS 3, *Business Combination*, related to the acquisition of BPC and NBPC in May 2021.

[15] Reported as Php 2.1 bn in the SEC 17A FY 2021. The change is mainly due to the restatements of the financial statements as of and for the year ended December 31, 2021, as briefly described above.

[16] Reported as Php 130.9 mn in the SEC 17A FY 2021 report, which accounted the share in the equity earnings from VECO using the revaluation model. In 2022, the Company elected to change its policy in applying the equity method with respect to VECO's power distribution utility assets, i.e., from the revaluation model to the cost model.

[17] Reported as Php 25.0 bn in the SEC 17A FY 2021 report. The change is due to the restatements in the financial statements as of and for the year ended December 31, 2021, as briefly described above.

3. Advances to associates, joint ventures, and stockholders rose by 6% YoY to Php 294.0 mn. This was on account of the advances made by two subsidiaries to an associate and a joint venture to defray pre-development project expenses.

4. Inventories were higher by 16% YoY to Php 177.7 mn as of end-2022. This was attributed to the fuel purchases by 1590 EC and INPC on the back of increased volume of energy sales.

5. Prepayments and other current assets rose by 35% YoY to Php 446.3 mn. During the year in review, WMP made advance payments to an engineering and technical services provider for an on-going engineering project. Improved operations of INPC and Corenergy resulted to higher creditable withholding tax and deferred input VAT. Moreover, IMCC had excess input VAT in 2022 from its domestic purchase of goods and services related to the development of its desalination plant.

6. Investments in associates and joint ventures amounted to Php 10.6 bn as of end-2022. The Company saw a 6% YoY increase in equity in net earnings of associates and joint ventures during the year in review, which mainly accounted for the 7% increase from end-2021's total investments of Php 9.9 bn.

7. Property, plant, and equipment significantly rose by 74% YoY to Php 5.9 bn, which was mainly attributable to 1590 EC's acquisition of the BDPP. Other capital expenditures that contributed to the asset expansion during the year in review include land acquisition and equipment purchase by INPC, pre-development costs for a seawater desalination plant of wholly-owned IMCC, solar projects of CSSC, and purchase of service vehicles and other assets by the Company.

8. Right-of-use assets (ROU) significantly dropped by 95% YoY to Php 22.1 mn. This was on account of the derecognition of the ROU booked in 1590 EC as the lease contract for the BDPP was terminated resulting from its acquisition of the same asset. This was further reduced by the recurring amortization of the ROUs booked in the Company and WMP.

9. Investment properties amounted to Php 924.0 mn, a 7% YoY increase from Php 863.6 mn. This movement is mainly attributable to the gain recorded from the fair valuation of the investment properties in three subsidiaries.

10. Deferred income tax assets[18] declined to Php 13.8 mn as of end-2022 from Php 20.4 mn as of end-2021. Deferred income tax liability recognized on the unamortized debt issue cost of the long-term loans and unrealized forex gains outweighed the deferred income tax asset on the pension liabilities booked by the Company, 1590 EC and VIHI during the year in review.

11. Other noncurrent assets went up by 22% YoY to Php 1.9 bn, which was mainly attributable to the investment in a financial asset. Rise in noncurrent VAT also contributed to the expansion of this account.

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[18] Under International Accounting Standards (IAS) 12*, Income Taxes,* deferred tax assets and deferred tax liabilities can only be offset in the statement of financial position if the entity has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realize the asset and settle the liability at the same time.

Total consolidated liabilities amounted to Php 8.5 bn as of end-2022, 21% higher than previous year's level of Php 7.0 bn. The increase can be attributed to the following:

1. Short-term notes amounting to Php 1.2 bn was drawn by 1590 EC. Proceeds of which were used to settle the shareholder advances that funded the purchase of BDPP. INPC also had a short-term borrowing for working capital requirements during the year in review.

2. Trade and other payables grew by 47% to Php 1.5 bn. This was mainly due to:

    - Higher deferred output VAT and increased fuel billings on the back of improved topline performance of 1590 EC and INPC;
    - Increased billings for purchased power, materials and engineering service contracts of Corenergy resulting from improved RES and engineering solutions operations;
    - Increased costs related to the on-going engineering work for a project of WMP;
    - Price increase for spare parts of 1590 EC; and
    - Unclaimed dividends of the Company and the dividend declared by NBPC.

3. Advances from related parties went up to Php 10.9 mn from Php 5.7 mn. This was mainly attributable to advances from the minority shareholders of 50.9%-owned Hijos de F. Escano, Inc. (HDFE) for working capital requirement and of INPC to fund a capital expenditure requirement during the year in review.

4. Income tax payable increased by 87% YoY to Php 7.5 mn, which was due to the taxable earnings of Corenergy, INPC, VSC, BPC, NBPC, WMP and VRVC.

The acquisition of the BDPP resulted to the derecognition of the related finance lease liability and deferred income tax liabilities booked in 1590 EC. However, the reduction in deferred income tax liabilities was tempered by the deferred income tax liabilities related to the gain on fair value remeasurement of investment properties of three subsidiaries. Consequently, current and non-current finance lease liabilities dropped to Php 26.8 mn (down by 93% YoY), and deferred income tax liabilities was reduced to Php 267.4 mn (3% lower YoY).

Other components of equity was lower by 25% to Php 85.5 mn as of end-2022, which can be attributed to the significant movements discussed below.

1. The Company, VEC and 1590 EC recorded re-measurement gains on the employee benefits in the amount of Php 7.1 mn during the year in review. This was a reversal of the remeasurement loss of Php 0.06 mn as of end-2021.

2. The Company, through a subsidiary, booked an unrealized valuation gain on financial assets at FVOCI during the year in review. This resulted to an unrealized valuation gain of Php 26.5 mn as of end-2022, 471% higher than Php 4.6 mn as of end-2021.

As a result of the net income generated, net of the dividends declared during the year in review, total stockholders' equity increased by 9% to Php 17.9 bn as of end-2022 from Php 16.4 bn[19] as of end-2021. Meanwhile, equity attributable to parent ended higher by 8% YoY at Php 16.5 bn as of end-2022.

Material Changes in Liquidity and Cash Reserves of Registrant

Cash and cash equivalents were lower by 13% from Php 5.7 bn as of end-2021 to Php 4.9 bn as of end-2022.

The Company ended 2022 with a net decrease in cash, before considering the effect of changes in the foreign exchange rates, in the amount of Php 810.5 mn. This was a shift from the net increase in cash as of end-2021 in the amount of Php 761.6 mn. Investing activities, which significantly accounted for the net decrease in cash, showed a spending of Php 1.6 bn as of end-2022 vis-à-vis the net cash inflows of Php 567.3 mn as of end-2021. The net cash flows used in operating activities amounting to Php 255.7 mn further contributed to the reduction in cash level during the year in review. The net decrease was tempered by the net cash inflows of Php 1.0 bn from financing activities as of end-2022.

Operating activities showed a net cash outflow of Php 255.7 mn as of end-2022, which was mainly from reduced operating results before working capital changes (down by 58% YoY). Increased trade receivables (due to improved operations of 1590 EC, INPC, Corenergy, VSC and CSSC), advance payment to suppliers (mostly for WMP's technical and engineering service providers), and higher interest payments (coming from the short-term loan of 1590 EC, additional loan drawn by INPC, and the refinancing of the long-term loans of BPC and NBPC which had higher loan amount and interest rate) further contributed to the cash outflow during the year in review. As of end-2021, the Company generated cash from operating activities in the amount of Php 477.9 mn.

Investing activities ended the year in review with a net cash outflow of Php 1.6 bn, which was on account of the following:

1. 1590 EC's purchase of the previously leased BDPP;
2. Capital expenditure for the acquisition of a real property and equipment by INPC, pre-development costs for a desalination plant, solar projects of CSSC and VSC, and the Company's purchase of other fixed assets; and
3. Additional investments in an associate and a financial asset.

These were offset by dividends received from VECO, AHI, MPC, CIPC and DPI during the year in review.

In 2021, the Company's investing activities posted a net cash inflow of Php 567.3 mn, which was mainly on account of the dividends received from associates and joint ventures, proceeds from the disposal of fixed assets and equity shareholdings in an associate by VEC and VREC, and the sale of an AFS investment by 50.9%-owned HDFE.

[19] Reported as Php 18.0 in the SEC 17A FY 2021. The change is mainly due to the restatements of the financial statements as of and for the year ended December 31, 2021, as briefly described above.

Financing activities as of end-2022 generated cash in the amount of Php 1.0 bn, a reversal of the Php 283.7 mn net cash outflow as of end-2021. The inflows during the year in review mainly stemmed from 1590 EC's short-term loan, which was used to settle the advances from its shareholders, and the additional equity infusion made by its minority shareholders to fund the purchase of the BDPP. Also, proceeds from the additional investments of the minority shareholder of INPC, BPC's and NBPC's long-term loan drawn in June 2022 (net of the settlement of another loan), and INPC's long term loan drawn in July 2022 and short term loan drawn in October 2022 were additional sources of cash. Meanwhile, spending as of end-2021 were mainly for the payment of dividends by the Company, 1590 EC and BPC, and lease payments by the Company, 1590 EC and WMP.

Financial Ratios

Debt-to-Equity ratio went up to 0.48x as of end-2022, vis-à-vis as of end-2021 level of 0.43x. Total liabilities increased by 21%, which was mainly due to the short-term loan of 1590 EC used to pay off the advances from its shareholders to fund the purchase of the BDPP. Trade and other payables also went up on the back of improved energy operations of 1590 EC, INPC and Corenergy, on-going engineering work for a project of WMP, price increase for spare parts seen in 1590 EC and dividend payable by the Company (unclaimed portion only) and NBPC. The liability expansion was offset by the derecognition of the finance lease liability related to the termination of the lease agreement with the PGLU because of the BDPP acquisition in April 2022. Meanwhile, total equity rose by 9%, which stemmed from the earnings for the period and an unrealized valuation gain on financial assets at FVOCI, net of the dividends declared by the Company during the year in review.

The Company's current ratio declined to 1.87x as of end-2022 from year-end 2021 level of 5.46x. Current liabilities significantly grew by 188% from end-2021 level. The short-term loan of 1590 EC and INPC, the reclassification of the Company's Php 1.0 bn FRCN maturing on January 2023 from noncurrent to current liability, increase in trade and other payables (attributed to improved operations and price increases for fuel and spare parts), and higher income tax payable (due to increased taxable income from improved operations of Corenergy, INPC, VSC, WMP, BPC, NBPC and VRVC) contributed to the rise in current liabilities. This was offset by the derecognition of the current portion of the finance lease liability booked in 1590 EC. On the other hand, current assets dipped by 2%. The lower cash levels as of end-2022 were offset by the increase in trade receivables given the improved operations of 1590 EC, INPC, Corenergy, CSSC, VSC, BPC and NBPC, purchase of fuel inventories of 1590 EC and INPC, advance payment made by WMP for various technical and engineering services, and advances to an associate and a joint venture for pre-development project requirements.

Item 7. Financial Statements

The audited consolidated financial statements of the Company for the years ended December 31, 2022, December 31, 2021, and December 31, 2020 are attached hereto as Exhibits "B", "C" and "D", respectively.

Item 8. Information on Independent Accountant and other Related Matters

1. External Audit Fees and Services

During the Annual Stockholders Meeting last June 16, 2022, the stockholders confirmed the appointment of SyCip Gorres Velayo & Co. (SGV) as its external auditor for fiscal year 2022.

The table below sets forth the aggregate fees billed to the Company for professional services rendered by SGV in fiscal year 2022.

Fee Type	2022
Audit Fees	630,000
Tax Fees[1]	240,000
Transfer Pricing Study	507,500
All Other Fees[2]	75,732
Total	1,453,232

Notes:

1. *Tax consultancy services*
2. *Out-of-pocket expenses related to the abovementioned services*

Both management and the Audit Committee evaluated the audit fee of SGV. This was recommended to and approved by the Board of Directors.

2. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There was no event in the past year where Vivant and SGV or the handling partner had any disagreement regarding any matter relating to accounting principles or practices, financial disclosures or auditing scopes or procedures.

PART III: CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

1. <u>Directors, Independent Directors and Executive Officers</u>

<u>(i) Board of Directors for 2022-2023</u>

The Corporate Governance Committee (CGCom) of the Company oversees the process for the nominations to the Board of Directors. The CGCom pre-screens and reviews the qualifications of all candidates nominated to become a member of the Board of Directors. The Board of Directors are elected annually by the stockholders from the final list of candidates for independent directors and non-independent directors.

The Company currently has eleven (11) directors, four (4) of whom are independent directors. Below are the directors who have held offices as such since their election last June 16, 2022:

MR. RAMONTITO E. GARCIA
MR. EMIL ANDRE M. GARCIA
MR. GIL A. GARCIA II
MR. CHARLES SYLVESTRE A. GARCIA
MR. ARLO ANGELO. G. SARMIENTO
MR. JOSE MARKO ANTON G. SARMIENTO
MS. BRIGETTE CECILE N. GARCIA
MR. CARMELO MARIA LUZA BAUTISTA (Independent Director)
MR. JOSE CARLITOS G. CRUZ (Independent Director)
ATTY. JOSE M. LAYUG, JR. (Independent Director)
MR. JOSEPH LEE SULLIVAN (Independent Director)

They shall serve as directors for a term of one (1) year and until their successors are duly elected and qualified.

For the year 2022, Vivant held eight (8) regular meetings of the Board, specifically, on February 9, 2022, March 18, 2022, April 22, 2022, May 13, 2022, June 16, 2022, July 15, 2022, September 16, 2022 and November 11, 2022. The Board was also convened for two (2) special meetings on August 24, 2022 and December 22, 2022.

The following summarizes the attendance of the Board of Directors (2022-2023) as of December 31, 2022:

Director	Designation[1]	Board Meetings	Annual Stockholders' Meeting
Charles Sylvestre A. Garcia	Chairman of the Board;	10	Y
Emil Andre M. Garcia	Vice Chairman and President;	10	Y
Arlo A. G. Sarmiento	Chief Executive Officer	10	Y
Ramontito E. Garcia	Director	9	Y
Gil A. Garcia II	Director	10	Y
Jose Marko Anton G. Sarmiento	Director	10	Y
Brigette Cecile N. Garcia	Director	5[1]	N
Jose Carlitos G. Cruz	Lead Independent Director	10	Y
Carmelo Maria L. Bautista	Independent Director	10	Y
Jose M. Layug, Jr.	Independent Director	5[2]	N
Joseph Lee Sullivan[2]	Independent Director	5[3]	N

Notes:

1. *Reckoned from the June 16, 2022 Annual Stockholders' Meeting of the Company.*
2. *Ms. Brigette Cecil N. Garcia was elected as Director in the June 16, 2022 Annual Stockholders' Meeting of the Company.*
3. *In a disclosure dated March 18, 2022, the Company informed the PSE and SEC that Atty. Jose M. Layug, Jr. was elected as Independent Director to serve the remaining portion of the term of Atty. Laurence R. Rogero who resigned effective February 28, 2022.*
4. *Mr. Joseph Lee Sullivan was elected as Independent Director in the June 16, 2022 Annual Stockholders' Meeting of the Company.*

Below are Vivant's directors for 2022-2023 with their corresponding ages, citizenship, positions, periods of service and offices held for the past five (5) years:

CHARLES SYLVESTRE A. GARCIA *62 years old, Filipino* *Years served (end of 2022): 18* Director Chairman Chairman – Executive Committee Member – Audit Committee Member – Finance Committee Member – Related Party Transaction Committee	Mr. Garcia is a Director of the Company and Member of the Company's Executive Committee since September 30, 2004. He assumed the role of the Chairman of the Company on June 16, 2022. Prior to this, Mr. Garcia was a director of Visayan Electric Company, Inc. from 2007 to 2020 and Vice Chairman of the Company from June 17, 2021 until October 8, 2021. Other positions currently held are as follows: Director of Vivant Energy Corporation and Mai-I Resources Corporation
RAMONTITO E. GARCIA *66 years old, Filipino* *Years served (end of 2022): 20* Director Member – Executive Committee	Mr. Garcia has been a Director and member of the Executive Committee of the Company since December 20, 2002. He assumed the role of the Chairman and CEO of the Company on April 6, 2020 until his resignation on February 7, 2022. Prior to this, he held the position of President of the Company from September 2003 to April 2020. For Vivant Energy Corporation, he was the Chairman from April 2022 to May 2022, CEO from April 2022 to February 2022, President from May 2012 to May 2014 and Chief Operating Officer from May 2008 to May 2014. He was the Chairman of Minergy Power Corporation from 2014 to June 2022 and of Vivant Foundation, Inc. from April 2022 to September 2022. Mr. Garcia was also a Director of Vivant Infracore Holdings Inc., Vivant Hydrocore Holdings Inc. and Vivant Transcore Holdings Inc. from 2019 to 2021, Vivant Malogo Hydropower Inc. from 2012 to 2021, and Isla Mactan-Cordova Corporation from 2020 to 2021. Other positions currently held are as follows: Chairman - JEG Development Corporation; President - JEGVEG Realty, Inc., JDC Tomodachi, Inc. and JDC One Acacia Corporation.
GIL A. GARCIA II *70 years old, Filipino* *Years served (end of 2021): 18* Director Member – Executive Committee Member – Risk and Sustainability Committee	Mr. Garcia has been a Director and a member of the Executive Committee of the Company since September 30, 2004. Prior to this, he was the Treasurer of the Company from 2004 to 2014 and a director of Vivant Energy Corporation from 2005 to May 2012. He was also a director of Visayan Electric Company Inc. until April 2021. He is presently the Director, Chief Finance Officer and Treasurer of MAI-I Resources Corporation.

EMIL ANDRE M. GARCIA *45 years old, Filipino* *Years served (end of 2022): 13 years* Director Vice Chairman Vice Chairman – Executive Committee President	Mr. Garcia has been a Director of the Company since June 18, 2009. He assumed the role of the Vice Chairman of the Company in October 8, 2021. He has been the Senior Vice President – Power since July 2020 until he assumed the role as President in February 7, 2022. Prior to this, he held the Assistant Vice President position for Corporate Planning and Development of the Company from February 2011 to December 2011. He was the Vice President for Operations from December 2012 to February 2019 before transferring to Vivant Energy Corporation as its Executive Vice President and Chief Operation Officer. Other positions currently held are as follows: President and COO - Vivant Energy Corporation; Vice President, Treasurer and Director of Visayan Electric Company, Inc. since 2010; Chairman - Calamian Islands Power Corporation, Delta P, Inc., 1590 Energy Corp., La Pampanga Energy Corporation, Vivant Solar Corporation, Corenergy Solar Solutions Corporation, Amberdust Holding Corporation, Isla Norte Power Corporation, Vivant Integrated Generation Corporation, Vivant Integrated Diesel Corporation, Vivant Renewable Energy Corporation, Delta P Hybrid *(formerly Vivant Isla Inc.),* Southern Powercore Holding Corporation, Vivant Geo Power Corporation, San Ildefonso Alternative Energy Corp., Culna Renewables Energy Corp. and Minergy Power Corporation; Vice Chairman - Cebu Private Power Corporation; Director, President and Chief Executive Officer – Vivant-Malogo Hydropower Inc., Lihangin Wind Energy Corporation; Director and Vice Chairman - Global Luzon Energy Development Corporation and Lunar Powercore Inc.; Director and Chief Finance Officer of EMAG Resources and Development Corporation; Director and Vice President - Abovant Holdings, Inc.; Board of Trustee and Vice President of Vivant Foundation Inc.; and Director - Vivant Infracore Holdings Inc., Vivant Hydrocore Holdings Inc., Vivant Transcore Holdings Inc., , Hijos de F. Escaño, Inc. Cebu Energy Development Corporation, Therma Visayas, Inc., North BukidnonPower Corporation, and BukidnonPower Corporation. He was also the President of Christ Company in 2009 to 2011. Mr. Garcia graduated from Velez College in 1998 with the degree in Bachelor of Science in Medical Technology.

ARLO A. G. SARMIENTO *47 years old, Filipino* *Years served (end of 2022): 5* Director Chief Executive Officer Member – Executive Committee	Mr. Sarmiento has been a Director and member of the Executive Committee of the Company since June 15, 2017. He assumed the role of CEO of the Company and Chairman of the Board and CEO of Vivant Energy Corporation on February 7, 2022. Prior to this, he held the positions of the President from April 6, 2020 to February 7, 2022 and Executive Vice President from 2003 to April 2020. He concurrently holds the following positions: Chairman & CEO of Vivant Energy Corporation; Chairman - Visayan Electric Company, Inc., Hijos De F. Escano Inc., Lihangin Wind Energy Corporation, Vivant Foundation Inc.,, Vivant Infracore Holdings, Inc., Vivant Hydrocore Holdings, Inc., Vivant Transcore Holdings, Inc., Isla Mactan-Cordova Corporation, Northern Metro Cebu Water Corporation and and Watermatic Philippines Corporation; ; Director and Chief Executive Officer - JEG Development Corporation; Director and Treasurer - JEGVEG Realty, Inc.; and Director - Minergy Power Corporation, La Pampanga Energy Corp., North BukidnonPower Corporation, BukidnonPower Corporation, Faith Lived Out Visions 2 Ventures Holdings, Inc., and Puerto Princesa Water Reclamation and Learning Center Inc.; Mr. Sarmiento holds a degree in Bachelor of Arts in Social Sciences from the Ateneo de Manila University.
JOSE MARKO ANTON G. SARMIENTO *44 years old, Filipino* *Years served (end of 2022): 14* Director Member – Executive Committee Member – Finance Committee Member – Audit Committee Member – Risk and Sustainability Committee	Mr. Sarmiento has been a Director and Member of the Executive Committee of the Company since 2008. He is has been a Director of JEG Development Corporation since 2005 (since 2009) and of JEGVEG Realty, Inc.. He was the Chief Operating Officer of JEG Development Corporation since 2009 until he assumed the role of the President in 2022. Prior to this, he was the Treasury Manager of JEG Development Corporation from 2006 to 2010. and was the Vice President for Manufacturing at Detalia Aurora, Inc. from 1999 to 2010. Other positions currently held are as follows: Director - JEG Development Corporation (since 2005); JEGVEG Realty, Inc. and Vivant Infracore Holdings, Inc. Mr. Sarmiento holds a degree in Bachelor of Science in Business Administration from Methodist University in North Carolina, USA. He obtained his Advanced Professional Training in Innovation Management in Product Development from Inwent - Capacity Building International in Bonn, Germany in 2004.

BRIGETTE CECILE N. GARCIA *35 years old, Filipino* *Years served (end of 2022): less than 1 year* Director Member – Executive Committee	Ms. Garcia is a first-time Director to the Vivant Board and member of the Executive Committee. In November 2020, she assumed the position of Senior Assistant Vice President for Corporate Planning of the Company. Prior to this, she was the Assistant Vice President for Corporate Planning from February 2018 to October 2020, and the Corporate Planning Senior Manager of the Company from 2016 to 2017. She concurrently holds the following positions: Director - Southern Grove Properties and Development Corporation; Vivant Corporate Center, Inc., Vivant Realty Ventures Corporation, Vivant Hydrocore Holdings Inc. and Vivant Transcore Holdings, Inc. Before joining Vivant, she worked for a year as a Management Trainee for Utility Economics at Visayan Electric Company, Inc. and for three (3) years as an Investment Consultant for Family Offices Private Banking at Credit Suisse AG in Singapore. Ms. Garcia graduated from Singapore Management University (SMU) with a double degree (Summa Cum Laude) in Bachelor of Science in Economics and Bachelor of Business Management in 2009. She was also the school Salutatorian and recipient of the Top Student of the School of Economics Award and the Monetary Authority of Singapore Academic Excellence Award. She obtained a Master's of Science degree in Accounting and Finance from London School of Economics (LSE) in 2013.

CARMELO MARIA L. BAUTISTA *64 years old, Filipino* *Years served (end of 2022): 5* Independent Director Member – Finance Committee Directorship in other listed companies: GT Capital Holdings Incorporated	Mr. Bautista has been an Independent Director of the Company since June 15, 2017. He assumed the role of Director and President of GT Capital Holdings Incorporated in 2011. Prior to his election, Mr. Bautista joined FMIC in April of 2008 as Executive Director and was appointed as Chairman of the Risk Management Committee. He later assumed the position of Head of its Investment Banking Group in 2009. Mr. Bautista has been in the Banking and Financial Services sector for 39 years. Some highlights of his previous scope of responsibilities over this period include: Program Director at Citibank Asia Pacific Banking Institute; Vice President and Head of the Local Corporate and Public Sector Groups Citibank-Manila; Vice President-Real Estate Finance Group, Citibank N.A.-Singapore branch; Vice President-Structured Finance, Citibank N.A.-Singapore Regional Office; Country Manager, ABN AMRO Bank-Philippines; and President and CEO, Philippine Bank of Communications. Mr. Bautista has a Master's Degree in Business Management from the Asian Institute of Management where he graduated in the Dean's Citation List. He also has a Bachelor's degree, Major in Economics, from the Ateneo de Manila University. Mr. Bautista has no directorships in other listed companies aside from GT Capital. He is currently serving as Chairman of Toyota Financial Services Philippines Corporation; Director of Federal Land Inc., Toyota Motor Philippines Corporation, AXA Philippines, GT Capital Auto and Mobility Holdings, Inc., Toyota Subic, Inc., Toyota Manila Bay Corporation and GT Mobility Ventures Inc. He is also an Adviser to the Board of Trustees of GT Foundation, Inc.

JOSE CARLITOS G. CRUZ *62 years old, Filipino* *Years served (end of 2021): 0.5* Lead Independent Director Chairman – Board Risk Oversight Committee Chairman – Related Party Transaction Committee Member – Audit Committee Member – Corporate Governance Committee Independent Directorship in other listed companies: Federal Land, Inc. SM Prime Holdings, Inc.	Mr. Cruz is a first-time nominee to the Vivant Board and was elected on June 17, 2021. Prior to this, he was the Chairman and Managing Partner of Sycip Gorres Velayo & Co. from 2017 to 2019; Vice Chairman and Deputy Managing Partner from 2013 to 2016; Deputy Managing Partner and Head of Assurance from 2010 to 2012; and Head of Assurance from 2007 to 2009. He is currently serving as Independent Director and Chairman of the Audit Committee of Federal Land, Inc., Independent Director and Co-Chairman of Risk and Compliance Committee of Transnational Diversified Ventures, Inc., Independent Director and a member of the Audit and Risk Oversight Committee of MarCoPay Inc. and Independent Director of Solar Philippines Project Holdings, Inc., MPIC Beneficial Trust Fund, SM Prime Holdings, Inc., Asialink Finance Corporation, Global Dominion Financing Incorporated, South Asialink Finance Corporation, MCP Finance, Inc., MCP Insurance Management and Agency, Inc.; Lead Independent Director of Solar Philippines New Energy Corporation. He is also currently a Board Trustee of the Makati Business Club and a member of the Management Association of the Philippines, Association of CPAs in Public Practice and the Philippine Institute of Certified Public Accountants; and Co-Chairman of the Philippines-Thailand Business Council. Mr. Cruz completed the Advanced Management Program at the Harvard Business School in Boston in 2007 and Advanced International Program in Oil and Gas Management at the University of Texas at Dallas in 1994. He graduated from the University of Santo Tomas in 1981 with a Bachelor of Science in Commerce degree, Major in Accounting, in 1981, and passed the licensure examination for Certified Public Accountants in 1982.
JOSEPH LEE SULLIVAN *68 years old, American* *Years served (end of 2022): less than 1 year* Independent Director Chairman – Corporate Governance Committee Chairman – Related Party Transactions Committee Member – Audit Committee Member – Risk and Sustainability Committee	Mr. Sullivan is a first-time Director to the Vivant Board. Other positions he held in the past were the following: President and CEO of Calenergy International Services, Inc.; Executive Vice President of Mirant Philippines; Station Manager of Mirant Sual Power Station; Station Manager of the Mirant Pagbilao Power Station; Operations Manager of Cajun Electric Power Cooperative Inc.; Utility to Control Room Operations of Alabama Power Corporation. He obtained his degree in Business Management from the Lousiana State University.

JOSE M. LAYUG, JR. *51 years old, Filipino* *Years served (end of 2022): less than 1 year* Independent Director Member – Risk and Sustainability Committee Member – Corporate Governance Committee Member – Audit Committee	Atty. Layug has been an Independent Director of the Company since March 18, 2022. Currently, he is a Senior Partner at Divina Law Office and serves as the Dean of the University of Makati School of Law. He is also a professor of law at the University of the Philippines College of Law, teaching Philippine Project Development and Finance, Banking, Property, Administrative Law, Local Government and Sales since 2002. Atty. Layug has published works and is a contributor to the following publications: (a) Capital Asia, published in Hongkong by ISI Publications Ltd. and (b) In-House Briefing, Asia-Pacific, published in Hongkong by Pacific Business Press. Previously, he served as Chairman of the National Renewable Energy Board from 2016-2018. Prior to this, he was the Undersecretary of the Philippine Department of Energy (DOE) from 2010-2012 and headed the Renewable Energy Management Bureau, Energy Resources Development Bureau, Energy Utilization Management Bureau, Oil Industry Management Bureau and Legal Services. He was primarily responsible for the revival of various sectors in the Philippine energy sector with the successful launching of the National Renewable Energy Program, the Philippine Energy Contracting Rounds for Petroleum and Coal and the Public Transport Assistance Program of Pantawid Pasada. Prior to his DOE position, he was a Senior Counsel for the Negotiations and Legal Department of the Australian Strategic Business Unit of Chevron Corporation and served as the Malampaya Legal Manager of Chevron Malampaya LLC located in Manila, Philippines from 2007-2010. As Chevron counsel, he received the first ever William T. Coleman Award in 2008 – the highest recognition given by Chevron Corporation to a Chevron in-house counsel worldwide – besting all other Chevron lawyers worldwide. Before joining Chevron, Atty. Layug acted as international legal consultant of the Asian Development Bank and was a Senior Associate at SyCip Salazar Hernandez & Gatmaitan handling banking and finance, project development and financing relating to mining, energy, power and transportation industries. From 2000- 2002, he practiced law in New York and worked as a Foreign Lawyer at Sullivan & Cromwell in New York. Atty. Layug obtained his Bachelor of Science in Business Economics with cum laude honours in 1992 and his Bachelor of Laws (1996) from the University of the Philippines. He finished his Master of Laws degree with honors in 2000 (fall semester) from Cornell Law School in New York, USA. He is licensed to practice law both in the Philippines (since 1997) and in New York (since 2000).

BOARD COMMITTEES

The Chairmen and the members of the respective Board Committees were also appointed as follows:

Executive Committee

Vivant's Executive Committee exercises the powers of the Board of Directors in the management of the business and affairs of the Company when the Board is not in session, except with respect to those matters that are exclusively delegated to the Board by law. The significant discussions and actions undertaken by the committee are found in Exhibit "E" the Executive Committee Report to the Board of Directors

For the year 2022, Vivant held ten (10) regular meetings of the Executive Committee.

Members	Designation	Meetings Attended
Charles Sylvestre A. Garcia	Chairman	10 of 10
Emil Andre M. Garcia	Vice Chairman	10 of 10
Arlo Aneglo G. Sarmiento	Member	10 of 10
Ramontito E. Garcia	Member	10 of 10
Gil A. Garcia II	Member	10 of 10
Jose Marko Anton G. Sarmiento	Member	9 of 10
Brigette Cecile N. Garcia[1]	Member	5 of 10

Note:

1. *Elected as Director on June 16, 2022.*

Audit Committee

Vivant's Audit Committee assists the Board in fulfilling its oversight responsibility relating to the financial reporting process, the system of internal control, the audit process and the Company's process for monitoring compliance with laws and regulations and the code of conduct. The significant discussions and actions undertaken by the committee are found in Exhibit "F" the Audit Committee Report to the Board of Directors

For the year 2022, Vivant held five (5) regular meetings of the Audit Committee.

Members	Designation	Meetings Attended
Jose Carlitos G. Cruz	Chairman – *Lead Independent Director*	5 of 5
Charles Sylvestre A. Garcia	Member	5 of 5
Jose Marko Anton G. Sarmiento[1]	Member	1 of 5
Jose M. Layug, Jr.	Member- *Independent Director*	4 of 5
Joseph Lee Sullivan[2]	Member- *Independent Director*	2 of 5

Notes:

1. *Appointed as member on June 16, 2022.*
2. *Appointed as member on June 16, 2022.*

Finance Committee

Vivant's Finance Committee assists the Board in fulfilling its oversight responsibility relating to financial governance, except for financial reporting. It Oversees the formulation and implementation of Vivant's financial policy and strategy, including capital structure, dividend policy, treasury policies and activities, and capital allocation decisions that may be brought to the Board for approval. The significant discussions and actions undertaken by the committee are found in Exhibit "G" the Finance Committee Report to the Board of Directors

For the year 2022, Vivant held six (6) regular meetings of the Finance Committee and one (1) joint meeting with the other committees

Members	Designation	Meetings Attended
Jose Carlitos G. Cruz[1]	Chairman – *Lead Independent Director*	4 of 7
Jose Marko Anton G. Sarmiento	Member	7 of 7
Charles Sylvestre A. Garcia	Member	7 of 7
Carmelo Maria L. Bautista	Member – *Independent Director*	6 of 7

Note:

1. *Appointed as Member and Chairman on June 16, 2022.*

Corporate Governance Committee

Vivant's Corporate Governance Committee assists the Board in fulfilling its oversight function relating to the implementation of corporate governance and compliance program, which includes sustainability reporting among others. The Committee is responsible for the determination of the nomination and election process for Vivant's directors, and establishment of a remuneration policy for directors and officers. It is also responsible for evaluating the candidates nominated to become members of the Board. The significant discussions and actions undertaken by the committee are found in Exhibit "H" the Corporate Governance Committee Report to the Board of Directors

For the year 2022, Vivant held two (2) regular meetings of the Corporate Governance Committee.

Members	Designation	Meetings Attended
Joseph L. Sullivan[1]	Chairman – *Independent Director*	0 of 2
Jose Carlitos G. Cruz	Member – *Independent Director*	2 of 2
Jose M. Layug, Jr.[2]	Member – *Independent Director*	1 of 2

Notes:

1. *Elected as an Independent Director and appointed as Member and Chairman in the June 16, 2022. The committee meetings in 2022 were conducted before the OBM.*
2. *Appointed as member in March 2022 and was reappointed as member on June 16, 2022.*

Related Party Transaction Committee

Vivant's Related Party Transaction Committee assists the Board in reviewing all material related party transactions of Vivant.

For the year 2022, Vivant had no dealings which required Related Party Transaction Committee.

Members	Designation
Joseph Lee Sullivan	Chairman – *Independent Director*
Charles A. Garcia	Member
Jose Carlitos G. Cruz	Member

Risk and Sustainability Committee

Vivant's Sustainability Committee assists the Board in fulfilling its oversight function relating to risk governance. The Committee oversees the formulation and implementation of the Board-approved company-wide Enterprise Risk Management policy, which covers risk management practices, including regulatory and ethical compliance monitoring. In 2022, the committee changed its name from the "*Board Risk and Oversight Committee"* to the *"Risk and Sustainability Committee"*, consistent with the Company's efforts to integrate sustainability practices within the organization. This resulted to an amendment in the charter of the Risk and Sustainability Committee to include oversight functions related to sustainability such as, but not limited to, climate-related risks and opportunities. The significant discussions and actions undertaken by the committee are found in Exhibit "I" the Risk and Sustainability Committee Report to the Board of Directors.

For the year 2022, Vivant held four (4) regular meetings of the Board Risk and Sustainability Committee and one (1) joint meeting with the other committees.

Members	Designation	Meetings Attended
Jose M. Layug, Jr.	Chairman – *Independent Director*	5 of 5
Gil A. Garcia II	Member	5 of 5
Jose Marko Anton G. Sarmiento[1]	Member	1 of 5
Joseph L. Sullivan[2]	Member – *Independent Director*	3 of 5

Note:

1. *Appointed as member on June 16, 2022.*
2. *Appointed as member on June 16, 2022.*

Nominees for Election as Members of the Board of Directors

The Corporate Governance Committee conveyed to the Corporate Secretary that as of March 8, 2023, the committee received the nominations of following as candidates for the Directors of the Company for the year 2023-2024:

Regular Directors

MR. RAMONTITO E. GARCIA
MR. EMIL ANDRE M. GARCIA
MR. CHARLES SYLVESTRE A. GARCIA
MR. ARLO ANGELO G. SARMIENTO
MR. JOSE MARKO ANTON G. SARMIENTO
MS. BRIGETTE CECILE N. GARCIA
MR. FRANCIS DAMASUS A. GARCIA

Independent Directors

MR. CARMELO MARIA LUZA BAUTISTA
MR. JOSE CARLITOS G. CRUZ
ATTY. JOSE M. LAYUG, JR.
ATTY. LAURENCE R. ROGERO

Procedure for Nomination

In accordance with the Company's 2017 Revised Manual on Corporate Governance and Nomination and Election Policy, the Corporate Governance Committee had pre-screened the list of candidates nominated to become a member of the Board of Directors in accordance with the procedures, qualifications, disqualifications and guidelines specified in the said Manual and policy.

In consonance with SEC Memorandum Circular No. 16, Series of 2002, no nominations for independent director shall be accepted at the floor during the stockholders' meeting during which such nominee is to be elected. However, independent directors shall be elected in the stockholders' meeting during which other members of the Board are to be elected.

Nominations for Independent Directors and Procedure for Nomination

Compliance with SRC Rule 38 (Guidelines on the Nomination and Election of Independent Directors)

The procedure for the nomination and election of the independent directors is in accordance with Rule 38 of the SRC (SRC Rule 38) and the Nomination and Election Policy of the Company. The By-Laws of Vivant have not been amended to incorporate the requirements of SRC Rule 38. In approving the nominations for Independent Directors, the Corporate Governance Committee has pre-screened the qualifications of all nominated candidates, resulting in the above list of candidates with their respective nominating stockholders and all pertinent information, who have been nominated by Mr. Emil Andre M. Garcia and Mr. Arlo Angelo G. Sarmiento, who have no relationship to the nominees.

No nominations for independent director shall be accepted at the floor during the stockholders' meeting at which such nominee is to be elected. However, Independent Directors shall be elected in the stockholders' meeting during which other members of the Board are to be elected. The nominees are neither officers nor employees of the Company or any of its affiliates, and do not have any relationship with the Company which would interfere with the exercise of independent judgment in carrying out the responsibilities of an independent director.

The shareholdings of the above-nominees for independent directors of Vivant are merely qualifying shares and, individually or added together, does not exceed 5% of Vivant's outstanding shares. Vivant does not have any commitment to the nominees with respect to the issuance of the new common shares of Vivant.

Term of Office of a Director

Pursuant to the Company By-laws, the directors are elected at each regular annual stockholders' meeting by stockholders entitled to vote. Each director holds office until the next annual election and until his successor is duly elected unless he resigns, dies or is removed prior to such election.

The eleven (11) directors, who should be stockholders of the Company, shall be elected annually by the stockholders during the annual stockholders' meeting, where at least a majority of the outstanding capital stock should be present in person or by proxy. The Directors shall serve for a term of one (1) year and until the election and qualification of their successors.

Any vacancy occurring in the Board of Directors may be filled by the remaining members of the Board, if they still constitute a quorum, by a majority vote; and the director so chosen shall serve for the unexpired term or until his successor is duly elected and qualified.

(ii) Executive Officers for 2022-2023

After the election of the Board of Directors, the following persons were elected as officers:

Name	Position
Mr. Charles Sylvestre A. Garcia	Chairman of the Board and CEO
Mr. Emil Andre M. Garcia	Vice Chairman and President
Mr. Arlo Angelo G. Sarmiento	Chief Executive Officer
Ms. Minuel Carmela N. Franco	Treasurer
Atty. Joan A. Giduquio-Baron	Corporate Secretary
Atty. Catherine S. Bringas	Assistant Corporate Secretary
Mr. Jose Carlitos G. Cruz	Lead Independent Director

The Board also confirmed the following to their respective positions:

Name	Position
Ms. Minuel Carmela N. Franco	Executive Vice President Chief Corporate Officer Group Chief Finance Officer Compliance Officer Chief Risk Officer
Atty. Jess Anthony N. Garcia	Sr. VP – Infrastructure Chief Information Officer
Ms. Maria Victoria E. Sembrano[1]	VP – Controllership and Corporate Services for Infrastructure
Mr. Alvin H. Harilla[2]	VP – Risk and Sustainability
Mr. Mark D. Habana	Vice President
Mr. Al Douglas Villaos	Vice President
Ms. Brigette Cecile N. Garcia	Sr. AVP – Corporate Planning
Mr. Shem Jose W. Garcia	Sr. AVP – Corporate Communications
Atty. Catherine S. Bringas	Sr. AVP – AVP – Legal and Compliance Data Protection Officer
Mr. Grant Clark[3]	Assistant Vice President Special Assistant to the CEO
Mr. Ronnel Vergel E. De Leon	AVP – Treasury
Mr. Carlos F. Bargamento, Jr.	AVP – Internal Audit Chief Audit Executive
Ms. Dyan Ramona S. Olegario	AVP – Accounting
Ms. Denise Mae D. Blanco	AVP – Human Resources
Mr. Nilo M. Arribas, Jr.	AVP – Information Technology

Note:
1. *Ms. Maria Victoria E. Sembrano retired as VP – Controllership and Corporate Services for Infrastructure effective September 9, 2022.*
2. *Mr. Alvin R. Harilla resigned from his position as VP – Risk and Sustainability effective March 3, 2023.*
3. *Mr. Grant Clark transferred to Vivant Infracore Holdings, Inc. effective August 1, 2022.*

The term of office of all officers shall be for 1 year and until their successors are duly elected and qualified. The above officers of the Company shall serve only for the unexpired term of their predecessors and until their successors are duly elected/appointed.

Below are the Company's officers for 2022-2023 with their corresponding positions and offices held for the past five (5) years.

CHARLES SYLVESTRE A. GARCIA *62 years old, Filipino* Director Chairman Chairman – Executive Committee Member – Audit Committee Member – Finance Committee Member – Related Party Transaction Committee	Mr. Garcia is a Director of the Company and Member of the Company's Executive Committee since September 30, 2004. He assumed the role of the Chairman of the Company on June 16, 2022. Prior to this, Mr. Garcia was a director of Visayan Electric Company, Inc. from 2007 to 2020 and Vice Chairman of the Company from June 17, 2021 until October 8, 2021. Other positions currently held are as follows: Director of Vivant Energy Corporation and Mai-I Resources Corporation
ARLO ANGELO G. SARMIENTO *47 years old, Filipino* Director Chief Executive Officer Member – Executive Committee	Mr. Sarmiento has been a Director and member of the Executive Committee of the Company since June 15, 2017. He assumed the role of CEO of the Company and Chairman of the Board and CEO of Vivant Energy Corporation on February 7, 2022. Prior to this, he held the positions of the President from April 6, 2020 to February 7, 2022 and Executive Vice President from 2003 to April 2020. He concurrently holds the following positions: Chairman & CEO of Vivant Energy Corporation; Chairman - Visayan Electric Company, Inc., Hijos De F. Escano Inc., Lihangin Wind Energy Corporation, Vivant Foundation Inc., Vivant Infracore Holdings, Inc., Vivant Hydrocore Holdings, Inc., Vivant Transcore Holdings, Inc., Isla Mactan-Cordova Corporation, Northern Metro Cebu Water Corporation and Watermatic Philippines Corporation; Director and Chief Executive Officer - JEG Development Corporation; Director and Treasurer - JEGVEG Realty, Inc.; and Director - Minergy Power Corporation, La Pampanga Energy Corp., North BukidnonPower Corporation, BukidnonPower Corporation, Faith Lived Out Visions 2 Ventures Holdings, Inc., and Puerto Princesa Water Reclamation and Learning Center Inc.; Mr. Sarmiento holds a degree in Bachelor of Arts in Social Sciences from the Ateneo de Manila University

EMIL ANDRE M. GARCIA *45 years old, Filipino* *years* Director Vice Chairman Vice Chairman – Executive Committee President	Mr. Garcia has been a Director of the Company since June 18, 2009. He assumed the role of the Vice Chairman of the Company in October 8, 2021. He has been the Senior Vice President – Power since July 2020 until he assumed the role as President in February 7, 2022. Prior to this, he held the Assistant Vice President position for Corporate Planning and Development of the Company from February 2011 to December 2011. He was the Vice President for Operations from December 2012 to February 2019 before transferring to Vivant Energy Corporation as its Executive Vice President and Chief Operation Officer.Other positions currently held are as follows: President and COO – Vivant Energy Corporation; Vice President, Treasurer and Director of Visayan Electric Company, Inc. since 2010; Chairman - Calamian Islands Power Corporation, Delta P, Inc., 1590 Energy Corp., La Pampanga Energy Corporation, Vivant Solar Corporation, Corenergy Solar Solutions Corporation, Amberdust Holding Corporation, Isla Norte Power Corporation, Vivant Integrated Generation Corporation, Vivant Integrated Diesel Corporation, Vivant Renewable Energy Corporation, Delta P Hybrid *(formerly Vivant Isla Inc.),* Southern Powercore Holding Corporation, Vivant Geo Power Corporation, San Ildefonso Alternative Energy Corp., Culna Renewables Energy Corp. and Minergy Power Corporation; Vice Chairman – Cebu Private Power Corporation; Director, President and Chief Executive Officer – Vivant-Malogo Hydropower Inc., Lihangin Wind Energy Corporation; Director and Vice Chairman - Global Luzon Energy Development Corporation and Lunar Powercore Inc.; Director and Chief Finance Officer of EMAG Resources and Development Corporation; and Director – Vivant Infracore Holdings Inc., Vivant Hydrocore Holdings Inc., Vivant Transcore Holdings Inc., Hijos de F. Escaño, Inc. Cebu Energy Development Corporation, Therma Visayas, Inc., North BukidnonPower Corporation, and BukidnonPower Corporation; Director and Vice President - Abovant Holdings, Inc.; Board of Trustee and Vice President of Vivant Foundation Inc. He was also the President of Christ Company in 2009 to 2011. Mr. Garcia graduated from Velez College in 1998 with the degree in Bachelor of Science in Medical Technology.

MINUEL CARMELA N. FRANCO *years old, Filipino* Treasurer Executive Vice President Chief Corporate Officer Group Chief Finance Officer Compliance Officer Chief Risk Officer	Ms. Franco has been the Executive Vice President & Chief Corporate Officer since June 2022 and concurrently the Treasurer, Group Chief Finance Officer, Chief Risk Officer and Compliance Officer of the Company. Prior to this, she held the position of Senior Vice President for Corporate and Shared Services from 2019 to 2022, and Vice President for Finance position of the Company from 2013 to 2018. Ms. Franco also currently holds the following positions: Director, President and CEO -– Southern Grove Properties and Development Corporation, Vivant Corporate Center, Inc., and Vivant Realty Ventures Corporation; Treasurer -– Vivant Energy Corporation and Watermatic Philippines Corporation; Director - Southern Powercore Holding Corporation, Vivant Geo Power Corporation, , Isla Mactan-Cordova Corporation, Northern Metro Cebu Water Corporation, Amberdust Holding Corporation, Vivant Integrated Diesel Corporation, Vivant Renewable Energy Corporation, Corenergy Inc., Vivant Integrated Generation Corporation and Delta P Hybrid Inc.; Treasurer & Chief Finance Officer - Vivant Infracore Holdings Inc..; Director and Treasurer & Chief Finance Officer – Vivant Hydrocore Holdings Inc., , and Vivant Transcore Holdings, Inc.; Board of Trustee and Treasurer – Vivant Foundation, Inc.; Treasurer and CFO -– Faith Lived Out Visions 2 Ventures Holdings, Inc., Puerto Princesa Water Reclamation and Learning Center Inc. and Lunar Power Core Inc.; and Treasurer -– Culna Renewable Energy Corp. Past positions held are as follows: Trader, Associate and Credit Analyst at Multinational Investment Bancorporation and Capital One Equities Corporation from 1992 to 1994; Investment Analyst at Kim Eng Securities Inc. and ING Barings (Phils.), Inc. from 1994 to 1997; Investment Officer at Standard Chartered Bank's Investment Services Group from 1998 to 2000; Project Analyst at Newgate Management, Inc. from 2000 to August 2002, Investor Relations Officer and Senior Project Analyst (Corporate Planning Group) at San Miguel Corporation from September 2002 to June 2007; Head of Investor Relations at Aboitiz Equity Ventures, Inc. and Aboitiz Power Corporation from July 2007 to December 2012. Ms. Franco holds a degree in Bachelor of Science in Business Economics (Cum Laude) from the University of the Philippines.

JESS ANTHONY N. GARCIA **49 years old, Filipino** **Sr. VP – Infrastructure** **Chief Information Officer**	Atty. Garcia has been the Senior Vice President - Infrastructure since 2019. Prior to this, he held the position of Corporate Secretary of the Company from 2003 to 2022 and Vice President for Legal from 2015 to 2018. Atty. Garcia concurrently acts as the Corporate Secretary of Vivant Foundation, Inc. and SunStar Publishing, Inc. Other positions currently held are as follows: Director, President and Chief Executive Officer – Watermatic Philippines Corporation, Vivant Hydrocore Holdings Inc., Vivant Transcore Holdings Inc., Isla Mactan-Cordova Corporation, and Northern Metro Cebu Water Corporation; Director, President and COO – Vivant Infracore Holdings Inc. He obtained his Juris Doctor degree from the Ateneo de Manila University School of Law and has been a member of the California Bar since 2002 and of the Philippine Bar since 1998.
JOAN A. GIDUQUIO-BARON *50 years old, Filipino* Corporate Secretary	Atty. Baron was appointed as the Corporate Secretary of the Company in June 2022. Prior to this, she held the position of Assistant Corporate Secretary from 2003 to 2022. Ms. Baron also holds other positions: Acting Corporate Secretary of Visayan Electric Company, Inc; Director and Assistant Corporate Secretary - Southern Grove Properties and Development Corporation; Assistant Corporate Secretary of Vivant Energy Corporation, 1590 Energy Corporation, Abovant Holdings, Inc., Amberdust Holding Corporation, Corenergy, Inc., Hijos de F. Escaño, Inc., Vivant Solar Corporation, Isla Norte Corporation, Southern Powercore Holding Corporation, Vivant Corporate Center, Inc., Vivant Geo Power Corporation, Vivant Infracore Holdings Inc., Vivant Hydrocore Holdings Inc., Vivant Transcore Holdings Inc., Northern Metro Cebu Water Corporation, Isla Mactan-Cordova Corporation, Vivant Integrated Diesel Corporation, Vivant Realty Ventures Corporation, Vivant Renewable Energy Corporation, Vivant Isla Inc., Delta P Hybrid Inc., Vivant Integrated Generation Corporation, Vivant-Malogo Hydropower, Inc., BukidnonPower Corporation, North BukidnonPower Corporation, San Ildefonso Alternative Energy Corporation and Sun Star Publishing, Inc.; Corporate Secretary - JEGVEG Realty, Inc., JEG Development Corporation, JDC Tomodachi, Inc. and Watermatic Philippines Corporation. She obtained her Juris Doctor from the Ateneo de Manila University School of Law in 1996 and her Master in Management degree from the Asian Institute of Management in 2001. Ms. Baron has been a member of the Philippine Bar since 1997 and a Director of the Alumni Association of the Asian Institute of Management-Cebu Chapter. She is a Partner at J.P. Garcia and Associates. Prior to this, she was an Associate Attorney at Puno and Puno Law Offices from 1997 until 2001.

CATHERINE S. BRINGAS *39 years old, Filipino* Assistant Corporate Secretary SAVP – Legal and Compliance Data Protection Officer	Atty. Bringas has been the Senior Assistant Vice President for Legal and Compliance since April 2022. Ins June 2022, she was appointed as Assistant Corporate Secretary and Data Protection Officer of the Company. Prior to this, she was the Assistant Vice President for Legal from January 2017 to April 2022 and Legal Senior Manager of the Company from January 2013 to December 2016. Concurrently, Atty. Bringas holds the following positions: Director and Corporate Secretary - Southern Grove Properties and Development Corporation and Vivant Corporate Center Inc.; Corporate Secretary - Vivant Energy Corporation, Amberdust Holding Corporation, Corenergy Solar Solutions Corporation, Corenergy Inc., 1590 Energy Corporation, Calamian Islands Power Corporation, Delta P, Inc., Delta P Hybrid Inc., Isla Norte Energy Corporation, La Pampanga Energy Corporation, Southern Powercore Holding Corp., Vivant Realty Ventures Corporation, Vivant Solar Corporation, Vivant Infracore Holdings Inc., Vivant Geo Power Corp., Vivant Hydrocore Holdings Inc., Vivant Transcore Holdings Inc., Vivant Integrated Diesel Corporation, Vivant Integrated Generation Corporation, Vivant-Malogo Hydropower, Inc., Vivant Renewable Energy Corporation, Minergy Power Corporation, BukidnonPower Corporation, North BukidnonPower Corporation, San Ildefonso Alternative Energy Corp., Isla Mactan-Cordova Corporation, Northern Metro Cebu Water Corporation and Visayan Electric Company, Inc.; and Assistant Corporate Secretary - Abovant Holdings, Inc., and Hijos de F. Escaño, Inc.. Prior to joining Vivant, Ms. Bringas worked at the Power Sector Assets and Liabilities Management Corporation as a Corporate Attorney under the Office of the President and CEO. She holds a degree in Legal Management from De La Salle University and obtained her Juris Doctor from the Ateneo de Manila University School of Law in 2008. She has been a member of the Philippine Bar since 2009.

MARK D. HABANA *46 years old, Filipino* Vice President	Mr. Habana assumed the position of Vice President of Vivant in March 2021. Mr. Habana first joint Vivant as the Vice President for Commercial Affairs of Vivant in April 17, 2017. In 2019, Mr. Habana moved to Vivant Energy Corporation as its VP – Subsidiary Operations and Chief Risk Officer, before moving back to Vivant in 2021. He currently holds the following position: Vice President of Vivant Corporation; Director, President and CEO - 1590 Energy Corporation, Vivant Integrated Diesel Inc., Vivant Integrated Generation Corporation, Delta P Hybrid, Inc., Amberdust Holding Corp., Isla Norte Power Corporation, Vivant Renewable Energy Corporation and San Ildefonso Alternative Energy Corporation; Director - Calamian Islands Power Corporation, Delta P., Inc. Southern Powercore Holding Corp., La Pampanga Energy Corp., Corenergy Solar Solutions Corp., Vivant Solar Corporation,, Minergy Power Corporation, and Vivant Malogo Hydropower Inc.; Director and President of BukidnonPower Corporation and North BukidnonPower Corporation; Director and Chief Operating Officer of Vivant Solar Corp. and Core Solar Solutions Corporation; Director and VP – External Relation and Monitoring of Visayan Electric Company, Inc.; and Director and President of Cebu Private Power Corporation. Before joining the Company, he was AVP at Energy Development Corporation (EDC) since May 2014. He ran Operations of the BacMan Geothermal Business Unit and led EDC's Technology Innovation efforts. Prior to this, he was in the oil & gas industry from March 2007 to April 2014 as Manager of Business Development for Occidental Petroleum and Venoco Inc.; both in Denver, Colorado. From September 2002 to March 2007, he took on risk management and deal structuring roles at energy trading firms: Sempra Energy Solutions in California and Constellation Energy in Maryland. He graduated from the University of the Philippines with a Bachelor of Science degree in Mechanical Engineering (Cum Laude). In June 2002, Mr. Habana earned his Master of Science in Petroleum Engineering from Stanford University in California, and, in January 2009, he completed the Executive Management Program from the Harvard Business School in Massachusetts.

AL DOUGLAS VILLAOS *45 years old, Filipino* Vice President	Mr. Villaos assumed the position of Vice President of Vivant in December 15, 2021. He concurrently holds the position of President of Corenergy Inc.; and Director – Vivant Solar Corporation and Corenergy Solar Solutions Corporation. Prior to joining Vivant, he worked as Associate Director – Investments and Deal Sourcing Manager with IDI Infrastructures, Inc. Philippines Representative Office from May 2018 to July 2021. IDI is an energy sector fund manager majority-owned by Daiwa Securities Group of Japan. He was a member of the investment team in Southeast Asia managing ASEAN-focused US$ funds until IDI infrastructures exited from Southeast Asia. Prior to IDI infrastructures, Mr. Villaos was a consultant to Philippines and European companies. He supported these companies on business and project development, and on financing activities in Indonesia and the Philippines. From 2007 to 2012, before venturing into the energy and infrastructure sector, Mr. Villaos was a coverage banker with Citibank N.A. Philippines (2007-2008), Mizuho Corporate Bank – Manila Branch (2008-2009), and Australia and New Zealand Banking Group – Philippines (2009-2012). Mr. Villaos supported leading Philippine energy and infrastructure sector companies through advisory and debt financing engagements such as project financing and syndications. He helped achieve financial close on approximately USD1.95 billion of energy and infrastructure debt financing. In 2005, Mr. Villaos earned his MBA with a Concentration in Finance from Asian Institute of Management (Dean's List) and attended Copenhagen Business School's International Study Program as a grant recipient of the European Union's Asia-Link Programme, in the same year. He obtained his bachelor's degree in 1998 from Ateneo de Manila University with an AB in Political Science, where he also completed units in MA in Economics.

ALVIN R. HARILLA[20] *44 years old, Filipino* VP – Risk & Sustainability	Mr. Harilla assumed the position of Vice President for Risk & Sustainability in May 2022. Prior to joining the Company, he was with Fly Ace Holdings Inc., a shared support services for Fly Ace Group of Companies (composed of Fly Ace Corporation, Endurance Corporation, Happy Coral Way, CLE Ace Corporation, Asian Pantry Corporation, etc.) as AVP for Human Resources / CHRO. He also worked as Corporate Planning and Strategy on the side and played a major role in the various corporate asset acquisitions and joint ventures. From 2014 to 2020, he used to work with NTT Philippines, a member of the NTT Group of Companies, as AVP for Strategy Management & Corporate Planning and also managed Marketing, Customer Experience and Service Desk, Systems Administration, Quality Assurance, and Risk Management. He was with Globe Telecom for ten years was where he managed various groups such as Head of Program & Strategy Management, Service Level Management & Quality Assurance and Risk Management, Capacity Management & Business Intelligence, Product Development & Management, and Radio Network Design & Engineering. He also worked with Smart Communications after finishing college for three years as Senior RF Engineer and Site Acquisition Officer. Currently, he is also a Professor and Program Adviser of the College of Arts & Sciences under Graduate Program for Masters in Management at the University of the Philippines. He is a licensed Professional Electronics Engineering (2012) and a licensed Electronics and Communications Engineering (2001), and graduated from Polytechnic University of the Philippines with a degree in Bachelor of Science in Electronics and Communications Engineering with Academic Distinctions and cited as the Most Outstanding Scholar. He completed his Masters in Management - Major in Business Management and Doctor in Business Administration and consistently been an “A” student with a GWA of 1.05 at the University of the Philippines and Pamantasan Ng Lungsod ng Maynila respectively.

[20] Mr. Alvin R. Harilla resigned effective March 3, 2023

BRIGETTE CECILE N. GARCIA *35 years old, Filipino* Sr. AVP – Corporate Planning	Ms. Garcia is a first-time Director to the Vivant Board and member of the Executive Committee. In November 2020, she assumed the position of Senior Assistant Vice President for Corporate Planning of the Company. Prior to this, she was the Assistant Vice President for Corporate Planning from February 2018 to October 2020, and the Corporate Planning Senior Manager of the Company from 2016 to 2017. She concurrently holds the following positions: Director – Southern Grove Properties and Development Corporation; Vivant Corporate Center, Inc., Vivant Realty Ventures Corporation, Vivant Hydrocore Holdings Inc. and Vivant Transcore Holdings, Inc. Before joining Vivant, she worked for a year as a Management Trainee for Utility Economics at Visayan Electric Company, Inc. and for three (3) years as an Investment Consultant for Family Offices Private Banking at Credit Suisse AG in Singapore. Ms. Garcia graduated from Singapore Management University (SMU) with a double degree (Summa Cum Laude) in Bachelor of Science in Economics and Bachelor of Business Management in 2009. She was also the school Salutatorian and recipient of the Top Student of the School of Economics Award and the Monetary Authority of Singapore Academic Excellence Award. She obtained a Master's of Science degree in Accounting and Finance from London School of Economics (LSE) in 2013.
SHEM JOSE W. GARCIA *41 years old, Filipino* Sr. AVP – Corporate Communications	Mr. Garcia assumed the position of Senior Assistant Vice President for Corporate Communications in April 2021. Prior to this, he was the Assistant Vice President for Corporate Communications from February 2018 to April 2021. He also serves as the Executive Director of the Vivant Foundation, Inc. He previously served as a Director of Vivant Corporation from 2005-2008. He joined as a full-time employee of Vivant as the Senior Manager for Corporate Social Responsibility in 2014. He has a Bachelor's Degree with Honors from the London College of Communications, University of the Arts London. He previously served as the Business Development Officer for JEG Development Corporation, where he currently serves in the Board of Advisors. He also serves as the President of the Board of Trustees for the Dominus Pascit Me Foundation and Corporate Secretary for Mon Y Liza Holdings.

GRANT CLARK[21] *45 years old, Filipino* Special Assistant to the CEO AVP – Information Technology	Mr. Clark has been the Assistant Vice President for Business Development of the Company since October 2015 until taking up the position as Assistant Vice President for Administration and IT in 2019. He is also the Special Assistant to the Chief Executive Officer. Prior to joining the Company, Mr. Clark worked for 12 years in the Government in Australia (Victoria), his last position being the Director of Economics at the Department of Sustainability and Environment (2010-2013). He moved to the Philippines in 2013 and worked briefly as a Director in KPMG Philippines (2013-2014). He has a Bachelor of Commerce degree with First Class Honors in Economics from Deakin University in Melbourne, Australia.
RONNEL VERGEL E. DE LEON *33 years old, Filipino* AVP – Treasury	Mr. De Leon has been the Assistant Vice President for Treasury since February 2020. He concurrently holds the following positions: Treasurer and CFO of Corenergy Inc., Isla Mactan-Cordova Corporation and Northern Metro Cebu Water Corporation. Before joining Vivant, Mr. De Leon was with Manila Water Company, Inc.'s Treasury Department from October 2011 to January 2020, where he held the Treasury Head position for two (2) years. Prior to this, he worked as Research Associate and Management Trainee at the Philippine Dealing System from 2007 to 2009. Mr. De Leon obtained his bachelor's degree in Economics (Magna Cum Laude) from the University of the Philippines-Diliman in 2007 under the Philippine Geothermal Inc scholarship for UP students. In 2011, he earned his master's degree in European Finance and Banking from the University of Warsaw in Poland under the European Commission's Erasmus Mundus scholarship. Mr. De Leon is a Certified Treasury Professional by the Ateneo-BAP Institute of Banking.
CARLOS F. BARGAMENTO, JR. *39 years old, Filipino* AVP – Internal Audit Chief Audit Executive	Mr. Bargamento has been the Assistant Vice President for Internal Audit since April 2020. In June 2022, he was appointed as the Chief Audit Executive of the Company. Prior to this, he was the Internal Audit Senior Manager from 2013 to 2020. He joined the company in 2004 as an Accounting Assistant and became a Finance Manager in 2008. He concurrently holds the following positions: Director and President – Hijos de F. Escaño, Inc.; and Internal Auditor – Vivant Foundation, Inc. Mr. Bargamento obtained his degree in Bachelor of Science in Accountancy (Cum Laude) and Bachelor of Laws in University of San Jose-Recoletos. He is a Certified Public Accountant and also holds certification as a Certified Forensic Accountant (CrFA) and a Certified Internal Control Auditor (CICA).

[21] Mr. Grant Clark transferred to Vivant Infracore Holdings, Inc. effective August 1, 2022.

DYAN RAMONA S. OLEGARIO *37 years old, Filipino* AVP - Accounting	Ms. Olegario has been the Assistant Vice President for Accounting since April 2020. Prior to this, she was the Accounting Senior Manager of the Company from October 2013 to 2020 and Treasury Manager from March to October 2013. She concurrently holds the following positions: Treasurer and CFO of Southern Grove Properties and Development Corp., Vivant Corporate Center Inc., and Vivant Realty Ventures Corp. Prior to joining Vivant, Ms. Olegario held the following positions: Business Development Manager in 2012 at Aboitizland Inc., Accounting Head at Taft Property Ventures Development Corporation from 2010 to 2012 and Senior Associate for Tax Services at SGV & Co from 2007 to 2010. Ms. Olegario is a Certified Public Accountant. She holds a degree in Bachelor of Science in Accountancy (Magna Cum Laude and recipient of the Most Outstanding Graduate Award) from the University of San Jose-Recoletos in 2005. In 2016, Ms. Olegario earned a certificate in Management Program from the Asian Institute of Management.
DENISE MAE B. BLANCO *43 years old, Filipino* AVP – Human Resources	Ms. Blanco assumed the position of Assistant Vice President for Human Resources since April 2021. Prior to this, she was the HR Senior Manager of the Company from September 2015 to April 2021. Before joining Vivant, Ms. Blanco held the following positions: Senior HR Business Partner at Convergys Singapore Holding, Inc. – ROHQ from 2011 to 2015, HR Manager at Convergys Philippines Services from 2009 to 2011, and various Human Resources roles at Convergys Philippines Services from 2006 to 2009. Ms. Blanco is a Certified Associate Fellow in People Management (AFPM) by the People Society of Fellows, People Managers Association of the Philippines (PMAP) – National, Certified Leadership Development & Succession Strategist by the Human Capital Institute, Board of Director of St. Theresa's College Alumni Association, former Vice-Chair for Membership & Retention Committee PMAP Cebu Chapter, The Outstanding Cebuano Youth Leaders (TOCYL) Awardee of 1998 given by the Cebu City Youth Development Commission. She holds a degree in Bachelor of Arts in Psychology (recipient of the Campus Leadership Award) from St. Theresa's College in 1999, and a Juris Doctor degree from the University of San Carlos in 2004.

NILO M. ARRIBAS, JR. *51 years old, Filipino* AVP – Information Technology	Mr. Arribas assumed the position of Assistant Vice President for Information Technology in June 2022. Before joining the company, he was an independent consultant providing professional services in information technology and management from 2020 to 2022. Prior to this, he was in the real estate industry from 2014 to 2019 as Director for IT shared services of Oakridge Realty Development Corporation catering to corporate headquarters, real estate, subsidiaries in printing, events and food businesses. He assumed an additional role as Director for Operations with responsibilities over the Oakridge Business Park, property management of industrial facilities and construction of technology enabled mixed-use buildings from 2016 to 2019. Mr. Arribas was an information technology and management consultant from 2008 to 2014 proving services to clients in manufacturing, business process outsourcing, insurance, services, and education industries including non-profit organizations. He also held the position Information Asset Manager at a US-based Publishing and Print-on-Demand company, Xlibris, for 3 years. From 1999 to 2004, he was Assistant Director of the Management Information Systems (MIS) office or a tertiary educational institution, Lyceum of the Philippines in Manila. Earlier in his career, from 1995 to 1999, he was systems administrator and technical specialist of the Naval Intelligence, a Division of the Philippine Navy. He graduated from De La Salle University – College of Saint Benilde in 1999 with a Bachelor of Science in Commerce major in Business Management (Dean's List). In 2000, he completed Network and Internet Systems Development Course in the Center of the International Cooperation for Computerization (CICC) in Tokyo, Japan as a scholar of Hitachi, Ltd. and the Ministry of International Trade and Industry of Japan. Mr. Arribas completed the IT Project Management under the Executive Development Program of the Asian Institute of Management in 2003.

<u>2. Significant Employees</u>

The Company considers its entire work force as significant employees. Everyone is expected to work together as a team to achieve the Company's goals and objectives.

(i) Family Relationships

Messrs. Charles Sylvestre A. Garcia and Gil A. Garcia are brothers, or related within the second civil degree of consanguinity.

Mr. Ramontito E. Garcia is related within the fourth civil degree of consanguinity (cousin) to Messrs. Charles Sylvestre A. Garcia and Gil A. Garcia II.

Mr. Emil Andre M. Garcia is related within the third civil degree of consanguinity to Messrs. Charles Sylvestre A. Garcia, Gil A. Garcia II; and related within the fourth civil degree of consanguinity (cousin) to Ms. Brigette Cecile N. Garcia. He is also related within the fifth civil degree of consanguinity to Mr. Ramontito E. Garcia; and related within the sixth civil degree of consanguinity to Mr. Arlo Angelo G. Sarmiento, Jose Marko Anton G. Sarmiento and Mr. Shem Jose W. Garcia.

Mr. Arlo Angelo G. Sarmiento is related within the third civil degree of consanguinity (nephew) to Mr. Ramontito E. Garcia. He is also related within the fifth civil degree of consanguinity to Mssrs. Charles Sylvestre A. Garcia and Gil A. Garcia II. He is also related within the fourth civil degree of consanguinity to Mr. Shem Jose W. Garcia; and related within the sixth civil degree of consanguinity to Mr. Emil Andre M. Garcia and Ms. Brigette Cecile N. Garcia.

Mr. Jose Marko Anton G. Sarmiento is the brother of Mr. Arlo A. G. Sarmiento; thus, they are related within the second civil degree of consanguinity. He is related within the third civil degree of consanguinity (nephew) to Mr. Ramontito E. Garcia and is related within the fourth civil degree of consanguinity Mr. Shem Jose W. Garcia. He is also related within the fifth civil degree of consanguinity to Mssrs. Charles Sylvestre A. Garcia and Gil A. Garcia II. He is also related within the sixth civil degree of consanguinity to Mr. Emil Andre M. Garcia and Ms. Brigette Cecile N. Garcia.

Mr. Shem Jose W. Garcia is the son of Mr. Ramontito E. Garcia and is related within the fourth civil degree of consanguinity (cousin) to Messrs. Arlo Angelo G. Sarmiento and Jose Marko Anton G. Sarmiento. He is also related within the fifth civil degree of consanguinity to Mssrs. Charles Sylvestre A. Garcia and Gil A. Garcia II; and related within the sixth civil degree of consanguinity to Mr. Emil Andre M. Garcia and to Ms. Brigette Cecile N. Garcia.

Ms. Brigette Cecile N. Garcia is related within the third civil degree of consanguinity (niece) to Messrs. Charles Sylvestre A. Garcia, and Gil A. Garcia II; and is related within the fourth civil degree of consanguinity (cousin) to Mr. Emil Andre M. Garcia. She is also related within the sixth civil degree of consanguinity to Messrs. Arlo Angelo G. Sarmiento, Jose Marko Anton G. Sarmiento, and Shem Jose W. Garcia

Other than the foregoing, there are no other family relationships (of consanguinity or affinity) known to Vivant.

(ii) Involvement in Certain Legal Proceedings

To the knowledge and/or information of Vivant, none of its nominees for election as directors, its present members of the Board of Directors or its executive officers, is presently or during the last 5 years, been involved in any legal proceeding or bankruptcy petition or has been convicted by final judgment, or being subject to any order, judgment or decree or violated the securities or commodities law in any court or government agency in the Philippines or elsewhere for the past 5 years and the preceding years until December 31, 2022 which would put to question their ability and integrity to serve Vivant and its stockholders.

To the knowledge and/or information of Vivant, the above-said persons have not been convicted by final judgment of any offense punishable by the laws of the Republic of the Philippines or by the laws of any other nation or country.

To the knowledge and/or information of the Company, the said persons have not been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation for the preceding years until December 31, 2022.

Item 10. Executive Compensation

1. Compensation of top five (5) executive officers

Information as to the aggregate compensation paid and accrued during the last two calendar years to the Company's Chief Executive Officer and the four (4) most highly compensated executive officers and directors are as follows:

SUMMARY COMPENSATION TABLE
Annual Compensation

Name and Principal Position	Year	Salary	Bonus	Other Compensation
Top Five Highly Compensated Executives 1. Ramontito E. Garcia[1] – Chairman & CEO 2. Arlo A.G. Sarmiento – Chief Executive Officer 3. Emil Andre M. Garcia – Vice Chairman and President 4. Minuel Carmela N. Franco – Treasurer, Executive Vice President, Chief Corporate Officer, Group Chief Finance Officer, Chief Risk Officer, Compliance Officer 5. Jess Anthony N. Garcia – SVP- Infrastructure, Chief Information Officer 6. Mark D. Habana[2] – Vice President				
All above-named officers as a group	2022	Php 61.9Mn	Php29.1 mn	
	2021	Php 41.5 mn	Php 32.9 mn	
All other directors and officers as a group unnamed	2022	Php33.1Mn	Php 10.0 mn	Php 4.9 mn
	2021	Php 38.2 mn	Php 9.0 mn	Php 5.1 mn

Notes:

1. *Mr. Ramontito E. Garcia is part of the 2022 Top 5 Summary Compensation Table until his retirement in February 2022.*
2. *Mr. Mark D. Habana is part of the the 2022 Top 5 Summary Compensation Table beginning February 2022.*

i. Compensation of Directors

(i) Standard Arrangements

The Executive Directors of the Company do not receive remuneration for attending Board and Committee meetings. Each Non-Executive Director and Independent Director of the Board and Board Committees received a per diem for every meeting attended as follows:

Engagement	Directors	Chairman of the Board or Committee
Board Meeting	Php 100,000.00	Php 150,000.00
Committee Meeting	Php 50,000.00	Php 75,000.00
In-house Trainings or workshops	PhP50,000.00	PhP 75,000.00
Strategic Planning Sessions	Php100,000.00	Php100,000.00

In 2022, the following Non-Executive Directors and Independent Directors received gross remuneration as follows:

Non-Executive Director Independent Director	Board Meetings	Committee Meetings	Trainings	Gross Remuneration
Charles Sylvestre A. Garcia	Php833,333.33	Php1,316,666.67	Php75,000.00	Php2,225,000.00
Gil A. Garcia, II	Php649,999.99	Php791,666.67	Php50,000.00	Php1,491,666.66
Jose Marko Anton G. Sarmiento	Php649,999.99	Php950,000.00	Php50,000.00	Php1,649,999.99
Carmelo Maria L. Bautista	Php649,999.99	Php400,000.00	-	Php1,049,999.99
Jose Carlitos G. Cruz	Php649,999.99	Php875,000.00	-	Php1,529,999.99
Rogelio Q. Lim[1]	Php250,000.00	Php200,000.00	-	Php450,000.00
Laurence R. Rogero[2]	Php150,000.00	Php116,666.67	-	Php266,666,67
Jose M. Layug, Jr.[3]	Php491,666.67	Php466,666.66	Php50,000.00	Php1,008,333.33
Joseph Lee Sullivan[4]	Php416,666.66	Php341,666.67	Php50,000.00	Php808,333.33

Notes:

1. *Replaced as Independent Director in the June 16, 2022 Annual Stockholders' Meeting.*
2. *Resigned effective February 28, 2022.*
3. *Elected on March 18, 2022 as Independent Director to serve the remaining portion of the term of Atty. Laurence R. Rogero*
4. *Elected as Independent Director in the June 16, 2022 Annual Stockholders' Meeting.*

(ii) Other Arrangements

Other than honoraria for meetings, trainings or workshops attended, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director, including any additional amounts payable for committee participation or special assignments for the last completed fiscal year and the ensuing year.

3. Employment Contracts and Termination of Employment and Change-in-Control Arrangements

In compliance with applicable labor laws and regulations, Vivant has employment contracts with its officers which state their specific job functionalities. The salaries and bonuses of the named officers and other directors and officers as a group are included in the compensation table above.

Vivant has no existing compensatory plan or arrangement with any of its executives in case of resignation or any other termination of an officer's employment with the Company or its subsidiaries or from a change in the management control of the Company, or a change in an executive officer's responsibilities following a change in control.

4. Warrants and Options Outstanding: Repricing

There are no outstanding warrants or options held by the named executive officers, and all officers and directors as a group, as identified in Part III, Item 9. Moreover, at no time during the last completed fiscal year did the Company adjust or amend the exercise price of stock warrants or options previously awarded to the aforementioned officers and directors.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners (more than 5%)

Mar, the following are the persons known to the Company to be the direct or indirect record or beneficial owner of more than 5% of any class of the Issuer's voting securities:

Title of class	Name and address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent Held
Common Shares	Mai-I Resources Corporation 375-G Acacia St., Lahug, Cebu City / Stockholder	Mai-I Resources Corporation[1]	Filipino	464,831,568	45.42%
Common Shares	JEG Development Corporation Advent Business Center Lahug, Cebu City / Stockholder	JEG Development Corporation[2]	Filipino	311,524,642	30.44%
Common Shares	PCD Nominee (Filipino) Participants are stockholders of the Company	Various PCD participants	Filipino	185,681,370	18.14%
Common Shares	All directors (as a group)	All directors	Filipinos	220,405	0.00%

Notes:

1. *Either Mr. Emil Andre M. Garcia or Mr. Charles Sylvestre A. Garcia, Directors of MAI-I Resources Corporation (MRC) will vote for the shares of MRC in Vivant in accordance with the directive of the MRC Board of Directors.*
2. *Either Mr. Ramontito E. Garcia or Mr. Jose Marko Anton G. Sarmiento, Chairman and Chief Operating Officer of JEG Development Corporation (JDC), respectively, will vote for the shares of JDC in Vivant in accordance with the directive of the JDC Board of Directors.*
3. *Each beneficial owner of shares, through a PCD participant, is the beneficial owner of such number of shares he owns in his account with the PCD participant. Vivant has no record relating to the power to decide how the shares held by PCD are to be voted. As advised to the Company, GT Capital Holdings Inc., one the beneficial owners under a PCD participant, owns 8.88% of Vivant Corporation.*

2. Security Ownership of Management

As of the date of preparation of this report, the following are the amount and nature of ownership of each member of the Board of Directors and Officers:

Title of Class	Name of Beneficial Owners and Position	# of Shares and Nature of Ownership		Citizenship	% Own
Common Shares	Charles Sylvestre A. Garcia Chairman of the Board	Direct	1		
		Indirect	0		
Common Shares	Emil Andre M. Garcia Vice Chairman President	Direct	35,801	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Arlo A. G. Sarmiento Director Chief Executive Officer	Direct	107,100	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Ramontito E. Garcia Director	Direct	48,501	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Gil A. Garcia II Director	Direct	1	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Jose Marko Anton G. Sarmiento Director	Direct	28,501	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Brigette Cecile N. Garcia Director; Sr. AVP – Corporate Planning	Direct	100	Filpino	0.0%
		Indirect	0		0.0%
Common Shares	Jose Carlitos G. Cruz Lead Independent Director	Direct	100	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Carmelo Maria L. Bautista Independent Director	Direct	100	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Jose M. Layug, Jr. Independent Director	Direct	100	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Joseph Lee Sullivan Independent Director	Direct	100	American	0.0%
		Indirect	0		0.0%
Common Shares	Minuel Carmela N. Franco Treasurer, Executive Vice President, Chief Corporate Officer, Group Chief Finance Officer, Chief Risk Officer, and Compliance Officer	Direct	0	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Atty. Jess Anthony N. Garcia Sr. VP – Infrastructure, and Chief Information Officer	Direct	12,200	Filipino	0%
		Indirect	0		0%
Common Shares	Atty. Joan A. Giduquio-Baron Corporate Secretary	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Maria Victoria E. Sembrano[1] VP – Controllership and Corporate Services for Infrastructure	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Mark D. Habana Vice President	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Al Douglas Villaos Vice President	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Alvin R. Harilla[2] VP for Risk and Sustainability	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Shem Jose W. Garcia Sr. AVP – Corporate Communications	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Atty. Catherine S. Bringas Assistant Corporate Secretary Sr. AVP – Legal and Compliance	Direct	0	Filipino	0%
		Indirect	0		0%

Title of Class	Name of Beneficial Owners and Position	# of Shares and Nature of Ownership		Citizenship	% Own
	Data Protection Officer				
Common Shares	Grant Clark[3] Assistant Vice President Chief of Staff to the CEO	Direct	0	Australian	0%
		Indirect	0		0%
Common Shares	Ronnel Vergel E. De Leon AVP – Treasury	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Carlos F. Bargamento, Jr. AVP – Internal Audit	Direct	5,030	Filipino	0%
		Indirect	0		0%
Common Shares	Dyan Ramona S. Olegario AVP – Accounting	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Denise Mae D. Blanco AVP – Human Resources	Direct	2,700	Filipino	0%
		Indirect	0		0%
Common Shares	Noel M. Arribas, Jr. AVP – Information Technology	Direct	0	Filipino	0%
		Indirect	0		0%
TOTAL		**Direct**	**240,335**		**0%**
		Indirect	**0**		**0%**

Notes:

1. *Ms. Maria Victoria E. Sembrano retired as VP – Controllership and Corporate Services for Infrastructure effective September 9, 2022.*
2. *Mr. Alvin H. Harilla resigned as VP – Risk and Sustainability effective March 3. 2023.*
3. *Mr. Grant Clark transferred to Vivant Infracore Holdings, Inc., a wholly-owned subsidiary of the Company, effective August 1, 2022.*

Item 12. Certain Relationships and Related Transactions

During the last 2 years there was no transaction with or involving the Company or any of its subsidiaries in which a director, executive officer, or stockholder owns 10% or more of total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

PART IV – CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Self-Rating Form of the SEC, the criteria and the rating system therein as a means of measurement or determination of the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance.

The Company issued its Revised Manual on Corporate Governance (the "Manual") in 2017 and has substantially complied with the provisions, and the same has been disclosed to the SEC. It has plans to improve corporate governance by adopting good corporate practice recognized in more progressive corporations and incorporating the same in its Manual.

In its continuing efforts to update its directors and executive officers with the best practices in corporate governance, the members of the board of directors and the top-level management are encouraged to attend trainings and seminars. In 2022, the Company's directors and executive officers attended an online Advanced Corporate Governance Training conducted by the Institute of Corporate Directors about the evolving perspective of businesses on the sustainability agenda and the best practice measures for building a sustainability-focused board, and strategic information technology governance.

In compliance with the full disclosure rules on the Code of Corporate Governance, the Manual, and the reportorial requirement of the SEC on the extent of compliance by the Company with its Manual, the undersigned hereby certifies that the company has substantially complied with the provisions thereof.

As of the date of this Report, there are no changes in the corporate governance structure and practice.

Please refer to the attached Integrated Annual Corporate Governance Report for 2022, which was filed with the SEC in 2022.

Compliance with The Minimum Public Ownership Requirement

The Company is compliant with the Rule on Minimum Public Ownership, as amended. Based on information that is publicly available to the Company and within the knowledge of its directors it has 24.01% public float as of March 31, 2023, which is the latest practicable date.

Board Performance

In January 2023, the Chairman of the Board initiated the performance evaluation process of the Board. A self-assessment was carried out by the directors to evaluate their individual performance, the performance of the Board as a whole and their respective committees, and the performance of the Chairman of the Board. The evaluation was based on criteria that determines the effectiveness of the Board, compliance with good governance principles of the individual Board of Directors, participation, engagement and contribution in meetings of each director, and performance of the duties and responsibilities of the Board Committees.

PART V - EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

1. Exhibits

Index of Exhibits

Exhibit	Description
A	Vivant's Corporate Structure
B	Audited Consolidated Financial Statements as of December 31, 2022
C	Audited Consolidated Financial Statements as of December 31, 2021
D	Audited Consolidated Financial Statements as of December 31, 2020
E	Executive Committee Report to the Board of Directors
F	Audit Committee Report to the Board of Directors
G	Finance Committee Report to the Board of Directors
H	Corporate Governance Committee Report
I	Risk and Sustainability Committee Report to the Board of Directors

2. Reports on SEC Form 17-C

Reports filed by Vivant on SEC Form 17-C from March 2022 to March 2023 are as follows:

1. Disclosure about 2021 Earnings Results dated March 21, 2022;
2. Notice of Annual Stockholders' Meeting and Record Date dated March 21, 2022;
3. Change in Directors and/or Officers – Election or Appointment, Promotion dated March 21, 2022;
4. Amendment of Change in Directors and/or Officers – Election or Appointment, Promotion dated March 22, 2022;
5. Material Information/Transaction: Notice of Award for the Bauang Diesel Plant to a subsidiary and the subsequent amendment of the notice dated April 7, 2022;
6. Amendment of Notice of Annual Stockholders' Meeting and Record Date dated April 25, 2022;
7. Declaration of Cash Dividends dated May 16, 2022;
8. Change in Directors and/or Officers – Appointment, Resignation and Transfer dated May 16, 2022;
9. Results of the Annual Stockholders' Meeting dated June 17, 2022;
10. Results of the Organizational Meeting of the Board of Directors dated June 17, 2022;
11. Clarification of News Report dated June 17, 2022;
12. Amendment of Results of the Annual Stockholders' Meeting dated June 17, 2022;
13. Change in Directors and/or Officers – Appointment, Resignation and Transfer dated June 24, 2022;
14. Amendment of Results of the Annual Stockholders' Meeting dated June 27, 2022;
15. Amendment of Results of the Organizational Meeting of the Board of Directors dated July 7, 2022;
16. Change in Directors and/or Officers – Transfer dated July 21, 2022;
17. Change in Shareholdings of Principal Officers dated September 2, 2022;

18. Change in Directors and/or Officers – Retirement dated September 12, 2022;
19. Acquisition of Shares in Another Corporation by a subsidiary dated January 5, 2023;
20. Change in Directors and/or Officers – Appointment dated February 1, 2023;
21. Amendment of Acquisition of Shares in Another Corporation by a subsidiary dated February 9, 2023
22. Change in Directors and/or Officers – Resignation dated February 20, 2023;
23. Acquisition of Assets by a subsidiary dated March 1, 2023; and
24. Notice of Annual Stockholders' Meeting dated March 17, 2023

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Cebu on the ____day of April 2023.

By:

ARLO ANGELO G. SARMIENTO
Principal Executive Officer

EMIL ANDRE M. GARCIA
Principal Operating Officer

MINUEL CARMELA N. FRANCO
Principal Finance Officer

DYAN RAMONA S. OLEGARIO
Principal Accounting Officer

JOAN A. GIDUQUIO-BARON
Corporate Secretary

Republic of the Philippines)
City/Province of Cebu)S.S.

SUBSCRIBED AND SWORN to before me this APR 13 2023 affiants exhibiting to me their Drivers' License or Passport details as follows:

Names	Passport Number	Expiry Date
Arlo Angelo G. Sarmiento	Passport No. P6592337A	March 27, 2028
Minuel Carmela N. Franco	Passport No. P9523819B	April 5, 2032
Emil Andre M. Garcia	Passport No. P8117515B	November 8, 2031
Joan A. Giduquio-Baron	Passport No. P1346441C	August 16, 2032
Dyan Ramona S. Olegario	UMID ID No. CRN-0111-08514455-0	

Doc. No. 134;
Page No. 36;
Book No. II;
Series of 2023.

ATTY. KATRINA MARIE C. SURABILLA ROLL NO. 72246 NOTARY PUBLIC MANDAUE CITY, PHILIPPINES

ATTY. KATRINA MARIE C. SURABILLA
Notarial Commission No. 2022-30 until 12/31/2023
City of Mandaue and the Municipalities under its Jurisdiction
No. 266 Zone 1, Bombil Codiñera Compound
Canduman, Mandaue City, Cebu
Roll of Attorneys No. 72246
PTR No. 1506801/ 01-04-2023 /Mandaue City
IBP No. 282827/ 01-10-2023 /Cebu Chapter
MCLE Compliance No.VII-0005939; 04/14/2025