COVER SHEET

4 4 8 5 2

D & L INDUSTRIES INC

(Company's Full Name)

65 INDUSTRIA ST BAGUMBAYAN

QUEZON CITY

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

KRISTINE ANN CATINDIG-ONG
Contact Person

8635-0680
Company Telephone Number

1 2	3 1	SEC Form 20-IS Definitive Information Statement	0 6	0 6
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

Secondary License Type, if Applicable

C F D
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

184
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Stockholders Meeting of D&L INDUSTRIES, INC. will be held virtually on Monday, 06 June 2022 at 9:00 o'clock in the morning. The meeting and log-in credentials will be sent to the stockholders via email upon registration (guidelines in Annex "A"), The Agenda is as follows:

1. Call to Order
2. Certification of Notice and determination of Quorum
3. Approval of Minutes of Previous Meeting
4. Approval of Annual Report for the year ended December 31, 2021
5. Approval of Amendment to By-Laws
6. Election of Auditors
7. Election of Directors
8. Consideration of such other business as may properly come before the meeting
9. Adjournment

Only stockholders of record as at the close of business on 13 May 2022 are entitled to notice, and to vote at the meeting. The Stock and Transfer Books of the Corporation will be closed from 13 May 2022 to 06 June 2022.

In view of the current situation, stockholders may only attend by remote communication. Stockholders who wish to participate in the virtual meting must register online at this link – https://shareholder.dnl.com.ph/ on or before 31 May 2022. Guidelines for registration, participation and voting are in Annex "A". Stockholders may attend the virtual meeting in person or through your authorized representative with the execution of a proxy. Deadline for submission of proxies is on 31 May 2022. The proxy form is enclosed and stockholder may accomplish and submit the proxy form by uploading the same during online registration at the above link. Please note that the Corporation is not soliciting proxies.

Further, a stockholder may vote in *absentia* and in case the stockholder is unable to join or send a representative. Stockholders voting in *absentia* shall be considered present for purposes of determining quorum. Stockholders who wish to vote in *absentia* shall likewise register online at this link – https://shareholder.dnl.com.ph on or before 31 May 2022. Subject to registration and validation procedures, stockholders who registered to vote in *absentia* may cast their votes by the vote included in this notice and uploading the same during the online registration at the above link.

A video and audio recording of the meeting will be taken in accordance with the requirements of the Securities and Exchange Commission

Stockholders may submit written nominations for directors to the Corporate Secretary by mail or email at the addresses mentioned above not later than 27 May 2022. All nominations shall be in writing duly signed by the nominating stockholders or their duly authorized (in writing) representatives, with the written acceptance of the nominee. The nomination form is attached herewith. A copy of a valid government-issued identification card with photo of the nominee shall likewise be enclosed. All nominees for Directors and Independent Directors shall possess the qualifications and none of the disqualifications prescribed by law and the Corporation's policies. If a nominee for Independent Director, the nominee shall likewise submit a duly accomplished Certificate of Qualification in the form prescribed by the Securities and Exchange Commission in its Memorandum Circular No. 5, Series of 2017 dated March 7, 2017.

Thank you.

KRISTINE ANN C. CATINDIG-ONG
Corporate Secretary

EXPLANATION OF AGENDA ITEMS FOR STOCKHOLDERS' APPROVAL

Approval of minutes of previous meeting

The minutes of the meeting held on 07 June 2021 are available at the company website, www.dnl.com.ph.

Remarks: A resolution on this agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

Annual report

The financial statements as of 31 December 2021 (FS) will be presented for approval by the stockholders. Prior thereto, the President, Mr. Alvin D. Lao, will deliver a report to the stockholders on the performance of the company in 2021 and the outlook for 2022. The FS is included in the Information Statement posted on the company's website - www.dnl.com.ph.

Remarks: A resolution on this agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

Approval of Amendment to By-Laws

The amendment to Article VIII, Section 4 of the By-Laws by delegating to the Board of Directors the power to amend the By-Laws for purposes of complying with subsequent requirements of law and regulatory bodies including practices that the Corporation may be required to adopt and to reflect therein shall be submitted for ratification by the stockholders. For the details, please refer to the Information Statement posted on at the company's website - www.dnl.com.ph.

Remarks: A resolution on this agenda item must be approved by the votes of stockholders present and eligible to vote representing at least 2/3 of the outstanding capital.

Election of auditors

The appointment of the external auditor, Isla Lipana and Co., for the ensuing year will be endorsed to the stockholders. The profile of the external auditor will be provided in the Information Statement and in the company website for examination by the stockholders.

Remarks: A resolution on this agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

Election of directors

In accordance with the By-laws, the Corporate Governance Manual, and SEC rules, any stockholder, including minority stockholders, may submit to the Corporate Secretary nominations to the Board by 10 May 2022. The Nomination Committee will determine whether the nominees for directors, including the nominees for independent directors, have all the qualifications and none of the disqualifications to serve as members of the Board before submitting the nominees for election by the stockholders. The profiles of the nominees to the Board will be provided in the Information Statement and in the company website for examination by the stockholders.

Remarks: The directors are elected by plurality of votes using the cumulative voting method. The tally of votes will be reflected in the minutes of the meeting.

Consideration of such other business as may properly come before the meeting

The Chairman will open the floor for comments and questions by the stockholders. Stockholders may also propose to consider such other relevant matters or issues.

PROXY

KNOW ALL MEN BY THESE PRESENTS:

The undersigned, stockholder of **D & L INDUSTRIES, INC.,** do hereby constitute and appoint _____ as my attorney-in-fact and proxy, to attend and represent me at the Annual Stockholders Meeting of D & L Industries, Inc. on **06 June 2022,** and thereat to vote upon _____ shares of stock owned by me on the following agenda items as I have indicated below and any and all business that may come before said meeting. If I fail to indicate my vote on the items specified below, my proxy shall vote in accordance with the recommendation of Management. Management recommends a "FOR ALL" vote for proposal 7, and a "FOR" vote for proposals 1 through 6.

ITEM NO.	**SUBJECT MATTER**	**ACTION**		
		For	**Against**	**Abstain**
3	• Approval of Minutes of Previous Meeting			
4	• Approval of Annual Report			
5	• Approval of Amendment to By-Laws			
6	• Appointment of Isla Lipana & Co. as External Auditor			
7	• Election of Directors	**FOR ALL***	**WITHHOLD FOR ALL***	**EXCEPTION**
	*All nominees listed below 1. Mercedita S. Nolledo – Independent (Ind) 2. Filemon T. Berba, Jr. – Ind. 3. Corazon S. de la Paz-Bernardo – Ind. 4. Lydia R. Balatbat-Echauz – Ind. 5. Yin Yong L. Lao 6. John L. Lao 7. Alvin D. Lao *Note:* *To withhold authority to vote for any individual nominee(s) of Management, please mark Exception box and list the name(s) under.*			

In the absence of my proxy, this authority is hereby conferred upon the Presiding Officer of the meeting, provided that this proxy shall stand suspended where I am personally present thereat.

This proxy revokes and supersedes all previous proxies executed by me, and the power and authority herein granted shall be valid for said Stockholders Meeting and Adjournments thereof, unless earlier withdrawn by me with written notice filed with the Corporate Secretary of D&L Industries, Inc.

IN WITNESS WHEREOF, the undersigned has executed this PROXY this ___ of _____ 2022 in _____.

_____
Name and Signature of Stockholder/Authorized Representative

Witnessesed by: _____ _____

VOTING IN *ABSENTIA*

NAME OF STOCKHOLDER : _____

NUMBER OF SHARES : _____

TELEPHONE NUMBER : _____

ADDRESS : _____

ITEM NO.	**SUBJECT MATTER**	**ACTION**		
		For	**Against**	**Abstain**
3	• Approval of Minutes of Previous Meeting			
4	• Approval of Annual Report			
5	• Approval of Amendment to By-Laws			
6	• Appointment of Isla Lipana & Co. as External Auditor			
7	• Election of Directors	**FOR ALL***	**WITHHOLD FOR ALL***	**EXCEPTION**
	*All nominees listed below 8. Mercedita S. Nolledo – Independent (Ind) 9. Filemon T. Berba,Jr. – Ind. 10. Corazon S. de la Paz-Bernardo – Ind. 11. Lydia R. Balatbat-Echauz – Ind. 12. Yin Yong L. Lao 13. John L. Lao 14. Alvin D. Lao *Note:* *To withhold authority to vote for any individual nominee(s) of Management, please mark Exception box and list the name(s) under.*			

If I fail to indicate my vote on the foregoing items, it is understood that I shall be considered to have voted in accordance with the recommendation of Management. Management recommends a "FOR ALL" vote for proposal 7, and a "FOR" vote for proposals 1 through 6.

_____

Signature over Printed Name of Stockholder

NOMINATION FORM

Please check proper box

_____ Nominee for Independent Director (Note: Please submit Certificate of Qualification)
_____ Not Nominee for Independent Director

_____
Name of Nominee

Citizenship: _____ Age: _____ Date of Birth: _____

Place of Birth: _____ Name of Spouse: _____

Residential
Address: _____ Tel. No.: _____ Cell. No.: _____

Office
Address: _____ Tel. No.: _____ Cell. No.: _____

Educational Background/Attainment:	
Work and/or Business Experience:	
Stockholdings (indicate direct and indirect shares)	

Name of Nominator-Stockholder or Authorized Representative: _____

Relation of Nominee and Nominator: _____

Conformity and acceptance:

_____ _____
Nominee Nominator

_____
Date

Annex A

D&L INDUSTRIES, INC.
VIRTUAL ANNUAL STOCKHOLDERS MEETING
GUIDELINES ON ONLINE REGISTRATION, VOTING AND PARTICIPATION

I. REGISTRATION

1. Only DNL stockholders as 13 May 2022 (Record Date), may register, join and vote in the virtual Annual Stockholders Meeting ("ASM").

2. Stockholders may register online thru the DNL ASM registration portal ("Portal"), which may be accessed at this link - **https://shareholder.dnl.com.ph/**

3. Online registration will be open from 14 May 2022 until 31 May 2022.

4. Provide all the information and supporting documents required through the portal.

    a. Provide valid and active email and contact number of the stockholder and proxy, if any.

    b. Documentary Requirements:

        i. For Individual Stockholders with share recorded in their name
            1. Copy of a valid government-issued ID with photo and signature (front and back)

        ii. For Individual Stockholders under a Broker Account
            1. Copy of a valid government-issued ID with photo and signature (front and back)
            2. Broker's Certification stating the account name and number of shares

        iii. For Corporate Shareholders
            1. Copy of a Secretary's Certificate appointing its representative and attesting to the authority of the representative to vote for and on behalf of the corporate stockholder
            2. Copy of a valid government-issued ID with photo and signature (front and back) of the representative

        iv. For Stockholders under joint account
            1. Letter of authority signed by all joint stockholders, identifying who among them is authorized to cast the vote for the joint account
            2. Submit requirements per i, ii and iii above, as may be applicable
            3. Copy of valid government-issued ID with photo and signature (front and back) of each joint stockholder

        v. For Stockholders who will appoint s proxy
            1. Copy of a duly accomplished proxy form (submit on or before 31 May 2021)
            2. Regarding the stockholder, submit requirements per i, ii and iii above, as may be applicable
            3. Copy of a valid government-issued ID with photo and signature (front and back) of the proxy, except if the proxy is the Chairman or President of DNL or the presiding officer of the ASM

vi. For Stockholders who will vote in absentia
    1. Requirements per i, ii and iii above, as may be applicable
    2. Duly accomplished ballot for voting in absentia

c. Ensure that the photo and signature in the ID submitted are clearly displayed.

d. Files uploaded should be in JPEG format with a file size of not more than 2MB.

5. All stockholders who registered shall be subjected to a verification process. Only those who have been verified will receive the meeting link and log-in credentials via email.

6. DNL reserves the right to ask for additional requirements.

II. PARTICIPATION

1. Stockholders may join the ASM on 6 June 2022 at 9 o'clock in the morning through the meeting link and log-in credentials to be sent by email after registration and verification.

2. Stockholders may comment or raise questions via the chat box or raise hand function. To ensure an orderly meeting, stockholders are encouraged to send in their questions in advance to ir@dnl.com.ph. Relevant questions will be answered during the ASM.

3. The ASM will be recorded and the recording will be made available on the company website.

III. VOTING

1. In all items for approval except election of directors, each share of stock entitles its registered owner to one vote.

2. In case of election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares equal, or he may distribute them on the same principle among as many nominees as he shall see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

3. Stockholders participating in the ASM may cast their votes: 1) in advance by sending their votes on the agenda items, with the stockholder's name and number of shares, by email to ir@dnl.com.ph on or before 5 June 2022; or 2) during the meeting by typing the name of the stockholder and vote in the chat box.

4. Votes will be tabulated by DNL's stock transfer agent and verified by the external auditor.

5. Stockholders who are unable to join the ASM or appoint a proxy may vote in absentia by signifying this option in the Portal and accomplishing and uploading the ballot on or before 31 May 2021.

For any questions or inquiries, including request for assistance in the registration process, please email us at asm_registration@dnl.com.ph.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT
of
D&L INDUSTRIES, INC.

PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [/] Definitive Information Statement

2. Name of Registrant as specified in its charter **D&L INDUSTRIES, INC.**

3. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **44852**

5. BIR Tax Identification Code **000-421-957-000**

6. **65 Calle Industria, Bagumbayan, Quezon City** **1110**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code **(02) 8635-0680**

8. Date, time and place of the meeting of security holders

   Date : June 6, 2022
   Time : 9:00 AM
   Place : Virtual Meeting, meeting link and log-in credentials to be sent to the stockholder via email upon successful registration

9. Approximate date on which the Information Statement is first to be sent or given to security holders

   Not later than May 16, 2022 (Note: PerSEC Notice dated February 16, 2022, the Company is permitted to make available this Information Statement on the company website and PSE Edge in lieu of physical distribution.)

10. ***In case of Proxy Solicitations:***

    Name of Person Filing the Statement/Solicitor: N/A

    Address and Telephone No.: N/A

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class: **Common Stock, P1 par value**
No. of Shares of Common Stock Issued and Outstanding: **7,142,857,990 Shares***

**Reported by stock transfer agent as of March 31, 2021*

Amount of Debt Outstanding: P13,790,000 (as of December 31, 2021)

12. Are any or all of the registrant's securities listed in a Stock Exchange?

Yes _/_ No _____

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

A total of 7,142,857,990 common shares are listed in the Philippine Stock Exchange.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. ***Date, time, and place of meeting of security holders***

(a) The annual stockholders' meeting of D&L Industries, Inc. will be held on:

Date : June 6, 2022
Time : 9:00 a.m.
Place : Virtual Meeting, meeting link and log-in credentials to be sent to the stockholder via e-mail upon successful registration

The complete mailing address of the principal office of the registrant is:

#65 Calle Industria
Bagumbayan
Quezon City, Metro Manila.

(b) Approximate date when the Information Statement is first to be sent to security holders: not later than **May 16, 2022** (Note: PerSEC Notice dated February 16, 2022, the Company is permitted to make available this Information Statement on the company website and PSE Edge in lieu of physical distribution.)

Item 2. ***Dissenters' Right of Appraisal***

A stockholder has a right to dissent and demand payment of the fair value of his share: (i) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares or of authorizing preferences over the

outstanding shares or extending or shortening the term of corporate existence; (ii) in case of any sale, lease, mortgage or disposition of all or substantially all the corporate property or assets; (iii) in case of merger or consolidation, and (iv) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The appraisal right may be exercised by a stockholder who has voted against the proposed corporate action, by making a written demand to the Company within thirty (30) days after the date on which the vote was taken for the payment of the fair market value of his shares.

There are no matters or proposed actions as specified in the attached Notice of Annual Meeting that may give rise to a possible exercise by shareholders of their appraisal rights or similar right as provided in the Title X of the Revised Corporation Code of the Philippines.

Item 3. ***Interest of Certain Persons in or Opposition to Matters to be Acted Upon***

(a) No director, nominee for election as director, associate of the nominee or executive officer of the Company at any time since the beginning of the last fiscal year has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

(b) None of the incumbent directors has informed the Company in writing of an intention to oppose any action to be taken by the Company at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. ***Voting Securities and Principal Holders Thereof***

(a) Number of Shares Outstanding as of March 31, 2022: 7,142,857,990 common shares

Number of Votes entitled: One (1) vote per share

(b) All stockholders of record at the close of business on May 13, 2022 are entitled to notice and to vote at the Annual Stockholders' Meeting.

(c) In case of election of directors, each stockholder may vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(1) Security Ownership of Certain Record and Beneficial Owners

As of March 31, 2022, the beneficial owners of more than five (5) percent of any class of the Company's voting securities are as follows:

Title of Class	*Name, address of record owner and relationship with issuer*	*Name of Beneficial Owner & Relationship w/ Record Owner*	*Citizenship*	*No. of Shares Held*	*Percent (1)*
Common	JADEL Holdings, Inc. (2) 65 Calle Industria, Bagumbayan, Quezon City Stockholders	n/a	Filipino	3,930,114,072	55.02%
Common	PCD Nominee Corp (Non-Filipino) G/F Makati Stock Exchange, Ayala Avenue, Makati City	Deutsche Bank Manila - Clients' Account	Foreign	417,106,043	5.84%

Note: *(1) Percentage is based on total number of shares issued – 7,142,857,990*

(2) Figures are based on the report rendered by the stock transfer agent; Jadel Holdings has yet to decide on who will vote the shares and what voting mode it will exercise

(2) Security Ownership of Management

The following table shows the security ownership of the Company's senior management as of March 31, 2022:

Title of Class	Name of Beneficial Owner	Position	Amount and Nature of Beneficial Ownership (1) - Balance as of 12/31/2021	Amount and Nature of Beneficial Ownership (1) -Balance as of 3/31/2022		Citizenship	% to Total Outstanding
Common	Dean L. Lao	Chairman Emeritus	28,105,048	1,549,500	(D)	Filipino	0.02%
			34,579	42,059	(I)		0.00%
Common	Leon L. Lao	Member Advisory Board	100,000	100,000	(D)	Filipino	0.00%
			1,910,493	1,910,493	(I)		0.03%
Common	Alex L. Lao	Member Advisory Board	51,086,226	51,086,226	(D)	Filipino	0.72%
			7,288,623	7,288,623	(I)		0.10%
Common	Yin Yong L. Lao	Chairman	32,993,601	32,993,601	(D)	Filipino	0.46%
			14,780,566	14,780,566	(I)		0.21%
Common	John L. Lao	Vice Chairman	71,212,202	71,497,202	(D)	Filipino	1.00%
			8,450,178	8,450,178	(I)		0.12%
Common	Filemon T. Berba	Independent Director	200,002	200,002	(D)	Filipino	0.00%
Common	Mercedita S. Nolledo	Independent Director	700,000	700,000	(D)	Filipino	0.01%
Common	Corazon S. de la Paz-Bernardo	Independent Director	100	100	(D)	Filipino	0.00%
Common	Lydia R. Balatbat - Echauz	Independent Director	89,500	89,500	(D)	Filipino	0.00%
Common	Alvin D. Lao	President & Chief Executive Officer	8,910,500	8,940,500	(D)	Filipino	0.13%
			1,927,838	1,931,578	(I)		0.03%
Common	Dean A. Lao, Jr.	Managing Director Chemrez Technologies	1,653,000	1,653,000	(D)	Filipino	0.02%
			2,290,577	2,298,057	(I)		0.03%
Common	Lester A. Lao	Managing Director FIC and DLPC	1,023,000	1,023,000	(D)	Filipino	0.01%
			35,225,710	42,682,872	(I)		0.60%
Common	Vincent D. Lao	Managing Director Oleo-Fats, Inc.	2,643,000	2,643,000	(D)	Filipino	0.04%
			1,927,780	1,931,520	(I)		0.03%
Common	Franco Diego Q. Lao	Chief Financial Officer Treasurer & Chief Compliance Officer	1,279,000	1,279,000	(D)	Filipino	0.02%
			18,443,918	18,443,918	(I)		0.26%
Common	Joselito P. Rivera	Chief Operating Officer	250,000	250,000	(D)	Filipino	0.00%
Common	Kristine Catindig-Ong	Corporate Secretary	296,000	296,000	(D)	Filipino	0.00%
Common	Ainslee Anne T. Lao	Assistant Corporate Secretary	1,383,600	1,383,600	(D)	Filipino	0.01%
			17,988,402	17,988,402	(I)		0.25%
Common	Crissa Marie U. Bondad	Investor Relations Manager	353,800	353,800	(D)	Filipino	0.00%

Percentage is based on total number of shares issued of 7,142,857,990

Note: (1) Indirectly owned shares are attributable to the individual Lao family member's direct (D) and indirect (I) interests in the following companies, which are principal stockholders of the Company

Name of Company	No. of shares in the Company	% to Total Outstanding
Jadel Holdings Co., Inc.	4,358,276,686	61.02%
SmartWorks Trading Co., Inc.	111,476,466	1.56%
Allvee United, Inc.	89,793,091	1.26%
Jadana, Inc.	54,420,789	0.76%
Prime Spin, Inc.	76,051,142	1.06%
CEE Industries, Inc.	98,359,333	1.38%
Hansevian, Inc.	752,000	0.01%

(3) Material Information on the current stockholders and their voting rights[1]

The stockholders of record as of May 13, 2022 and their respective shareholdings are listed in Appendix 5 hereof.

Each stockholder shall, in every meeting of stockholders, be entitled to one vote for each share of the capital stock held by the stockholder, in person or by proxy duly appointed as herein provided and except in cases in which it is by statute, charter or by the By-laws, otherwise provided, a majority of the votes cast by the stockholders present in person or by proxy at any meeting shall be sufficient for the adoption of any resolution.

In case of election of directors, each stockholder may vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

There is no other material information on the current stockholders and their voting rights.

Item 5. ***Directors and Key Officers***

The incumbent Directors and Executive Officers of the Company are as follows:

Advisory Board Members

Name	Age	Nationality	Position
Dean L. Lao	83	Filipino	Chairman Emeritus
Leon L. Lao	79	Filipino	Member, Advisory Board
Alex L. Lao	76	Filipino	Member, Advisory Board

[1] In compliance with Section 49 of the Revised Corporation Code.

Directors, Executive Officers, and Key Officers of wholly-owned subsidiaries:

Name	Age	Nationality	Position
Yin Yong L. Lao	69	Filipino	Chairman
John L. Lao	67	Filipino	Director and Vice Chairman
Alvin D. Lao	50	Filipino	Director, President and Chief Executive Officer
Mercedita S. Nolledo	81	Filipino	Independent Director
Filemon T. Berba, Jr.	84	Filipino	Independent Director
Corazon S. de la Paz-Bernardo	81	Filipino	Independent Director
Lydia R. Balatbat-Echauz	74	Filipino	Independent Director
Franco Diego Q. Lao	43	Filipino	CFO, Treasurer, Compliance Officer
Joselito P. Rivera	59	Filipino	Chief Operating Officer
Dean A. Lao, Jr.	54	Filipino	Managing Director, Chemrez Technologies
Lester A. Lao	54	Filipino	Managing Director, FIC and DLPC
Vincent D. Lao	48	Filipino	Managing Director, Oleo-Fats, Inc.
Kristine Ann C. Catindig-Ong	40	Filipino	Corporate Secretary
Ainslee Anne T. Lao	31	Filipino	Assistant Corporate Secretary

Independent directors currently comprise the majority of the Board of Directors and 43% of the board are women.

	2019	2020	2021
Percentage of independent directors	57%	57%	57%
Percentage of women on the board	43%	43%	43%

The record of attendance of the directors at the meetings of the Board of Directors held during 2021 is as follows:

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%	Length of Service in the Corp.
Chairman	Yin Yong L. Lao	06/07/2021	7	7	100	51
Member	John L. Lao	06/07/2021	7	7	100	51
Member	Alvin D. Lao	06/07/2021	7	7	100	6
Independent	Filemon T. Berba, Jr.	06/07/2021	7	7	100	10
Independent	Mercedita S. Nolledo	06/07/2021	7	7	100	6
Independent	Corazon S. de la Paz-Bernardo	06/07/2021	7	7	100	5
Independent	Lydia R. Balatbat-Echauz	06/07/2021	7	7	100	5

The following are the periods of service and a brief description of the business experience during the past five years of the incumbent directors and executive officers of the Company:

Dean L. Lao is the Co-founder and Chairman Emeritus of the Company, having previously served as Chairman and President of the Company from 1971 to 2013. He now sits on the Advisory Board of the Company since 2017. He was the founder of the various companies belonging to the Lao Family which include FIC Marketing, Inc. (1986), Oleo-Fats, Incorporated (1988), Corro-Coat, Inc (1990), Aero-Pack Industries, Inc. (1990), First in Colors, Incorporated (1991), and Chemrez Product Solutions, Inc. (1991). He currently serves as Director of the following companies: Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats Incorporated, Malay Resources, Inc., FIC Marketing, Inc., FIC Tankers Corporation, LBL Prime Properties Incorporated, Ecozone Properties, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp., North Mactan Industrial Corporation and Jadel Holdings Co., Inc. Dean obtained his B.S. in Chemical Engineering from the Polytechnic Colleges of the Philippines.

Leon L. Lao is the co-founder of D&L Industries, Inc. Having previously served the Company in various capacities (Director, Chairman, President and Chief Operating Officer), Leon Lao now sits on the Advisory Board of the Company since 2017. He currently serves as the President of Chemrez Technologies, Inc., First in Colors, Incorporated and D&L Polymer & Colours, Inc., and Director of Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats Incorporated, Malay Resources, Inc., LBL Prime Properties Incorporated, Ecozone Properties, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp., North Mactan Industrial Corporation and Jadel Holdings Co., Inc. Leon obtained his B.S. in Chemical Engineering from the Polytechnic Colleges of the Philippines.

Alex L. Lao is a member of the Advisory Board of the company. He was a Director of the Company from 1971 to 2017. He has also been a Director of other subsidiaries and affiliates of D&L Industries. He previously served as Alternate Director of Axis REIT a real estate investment trust listed in Malaysia. Mr. Lao is also a Director of the following: Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats Incorporated, Malay Resources, Inc., FIC Marketing, Inc., LBL Prime Properties Incorporated, First Batangas Industrial Park, Inc., Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc., Color-Chem Corp., North Mactan Industrial Corporation and Jadel Holdings Co., Inc. Alex obtained his B.S. in Chemical Engineering from the Polytechnic Colleges of the Philippines.

Yin Yong L. Lao is the Chairman of the Company, having been a Director since 1971 and having previously served as President. He is a Director as well as President and Chief Executive Officer of LBL Prime Properties Incorporated, Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc. and Ecozone Properties, Inc. Yin Yong is also a Trustee of the Association of Petrochemical Manufacturers of the Philippines. He also serves as a director of the following: Aero-Pack Industries, Inc., Chemrez Technologies, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats, Incorporated, Malay Resources, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp., North Mactan Industrial Corporation, and Jadel Holdings Co., Inc. He graduated from the Ateneo de Manila University with a Bachelor of Arts degree in General Studies.

John L. Lao is the Vice Chairman of the Company. He previously served as the President until August 2016. He is currently the President of Aero-Pack Industries, Inc. and Executive Vice President of Chemrez Technologies. His other directorships include North Mactan Industrial Corporation, Chemrez Technologies, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, D&L Polymer & Colours, Inc., D&L Powder Coating, Inc., Oleo-Fats Incorporated, Malay Resources, Inc., FIC Marketing, Inc., LBL Prime Properties Incorporated, Ecozone Properties, Inc., Anonas LRT Property and Dev't Corp.,

Hotel Acropolis, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp. and Jadel Holdings Co., Inc. John obtained his B.S. in Business Administration from the University of the East.

Mercedita S. Nolledo is an independent director of the Company. She also serves currently as a Director and/or officer in various capacities for BPI Foundation, Inc., BPI Investment Management, Inc., Xurpas, Inc., Ayala Foundation, Inc., Ayalaland Commercial REIT, Inc., Anvaya Cove Beach & Nature Club, Michigan Holdings, Inc., and Sonoma Properties, Inc. She is also a member of the Advisory Board of Ayala Land, Inc. and Bank of the Philippine Island. Mrs. Nolledo obtained a B.S. in Business Administration and Accountancy (Magna Cum Laude and class valedictorian) and a Bachelor of Laws (LI.B degree – cum laude and class valedictorian) from the University of the Philippines. She placed 2nd in both the Certified Public Accountant exams and bar exams in 1960 and 1965, respectively.

Filemon T. Berba, Jr. is an independent director of the Company. He is the Chairman of the Philippine Foundation for Science & Technology, President Emeritus of the Philippine Quality Award Foundation. He also previously served as Senior Managing Director of Ayala Corporation from 1991 to 2003, seconded as Vice Chairman and President of Manila Water Company from 1997 to 2003, President of Globe Telecom from 1995 to 1997, Vice Chairman and President of Integrated Microelectronics, Inc. from 1991 to 2003, President and Chief Executive Officer of Philippine Electric Corporation from 1987 to 1990, President of Westinghouse Asia Controls Corporation from 1979-1987, Group President of various companies under the Herdis Group from 1975-1979, Vice President for Manufacturing and Logistics Services for United Laboratories from 1973 to 1975, as well as other senior management positions in the First Philippine Holdings Group. Mr. Berba obtained a B.S. in Electrical Engineering (Magna Cum Laude) from the University of the Philippines and obtained his Masters of Business Administration degree (with distinction) from the Wharton School of the University of Pennsylvania.

Corazon de la Paz-Bernardo is an independent director of the Company. She headed the Social Security System from 2001 to 2008 as President and CEO. Prior to this, she built a successful career as a certified public accountant at Joaquin Cunanan & Co (PriceWaterhouseCoopers Philippines) from 1967 to 2001 where she was the Chairman and Senior Partner of the firm from 1981 to 2001. She was also the first non-European President of the International Social Security Association from 2004 to 2010. She continues to be an independent director or trustee of other companies including Roxas & Co., Republic Glass Holdings Corp., University of the East, University of the East RMMMCI, Miriam College, Del Monte Philippines, and Phinma Education Holdings Inc.. She is an adviser to the board and audit committee of BDO Unibank, Inc. and adviser to the audit committee of PLDT. Mrs. de la Paz-Bernardo is a graduate of the University of the East (Magna Cum Laude) and obtained first place in the 1960 CPA board examination. She obtained her MBA from the Cornell University Johnson School of Management as a Fulbright grantee and UE scholar.

Lydia Balatbat-Echauz is an independent director of the Company. She has more than three decades of leading the country's top schools. She served as President of publicly listed Far Eastern University from 2002 to 2012. Previous to this, she was Associate Director at the Graduate School of Business, Ateneo de Manila University until 1985 and Dean of the Graduate School of Business, De La Salle University from 1986 to 2002. Her expertise extends beyond the academe as she also sits on the board of several companies which include Meralco, Pilipinas Shell Petroleum Corp., PLDT Beneficial Trust Fund, Global Business Power Corporation, SM Foundation, Inc., Henry Sy Foundation, Inc., PhilStar Group, Riverside College, Inc., NBS College, Felicidad T. Sy Foundation, Inc., FERN Realty Corporation, BusinessWorld Publishing Corporation and Tahanan Mutual Building and Loan Association.

Alvin D. Lao became a Director and President and Chief Executive Officer of the Company in August 2016. He also serves as a Director of Axis REIT, a REIT (real estate investment trust) listed in Malaysia. He is the President of the Technology Club of the Philippines (Philippine alumni of the Massachusetts Institute of Technology) and past president of the Entrepreneurs Organization (EO, Philippine Chapter). He is a current member of the Financial Executives Institute of the Philippines (FINEX), Wallace Business Forum, Akademyang Filipino, and Management Association of the Philippines. He is a member of the Advisory Board of Urban Land Institute – Philippine Branch. He is also the Executive Vice President and Treasurer of LBL Prime Properties Incorporated and Ecozone Properties, Inc. His other directorships include: First in Colours, Incorporated, D&L Polymer & Colours, Incorporated, FIC Tankers Corporation, Anonas LRT Property and Dev't Corp., Ecozone Properties, Inc. and Hotel Acropolis, Inc. He was previously a faculty member of the De La Salle University Graduate School of Business. He graduated from the University of Western Australia with a Bachelor of Science in Information Technology (Honours) and Statistics. He also holds a Master's degree in Business Administration from the MIT Sloan School of Management.

Joselito P. Rivera was appointed as the Chief Operating Officer in August 2017. Mr. Rivera's corporate leadership experience was gained through multi-disciplinary roles at local and multinational companies. He was the Global Head for Leadership at Ericsson Corporate Headquarters in Stockholm, Sweden for six years. Prior to that, he was with Ericsson Philippines for nine years where he held various management positions such as Senior Vice President for Business Development and Head for Market Communications, Vice President for Human Resources and Operations Development, Asia Pacific Head for Ericsson University and Talent Management. He also held positions in human resources and organization effectiveness roles at Basic/Foote, Cone & Belding, and Philippine Airlines. He is currently the Chairperson, Board of Trustees and OIC President of Pamantasan Lungsod ng Marikina and Lead Adviser for Marikina Local Government, Office of the Mayor, with focus areas in education, DRRM, livelihood and health. He was formerly Lead Adviser for several organizations such as the McCann World Group, Philippine Business for Social Progress, Staff House International, SEA Institute, Ateneo Law School, Puno Law and various Government Agencies.

Franco Diego Q. Lao was appointed as the Chief Financial Officer, Treasurer and Chief Compliance Officer of the Company on May 4, 2021. He has 21 years of experience with the group. Immediately before his appointment as CFO, he was the Finance Director of Oleo-Fats, Incorporated since February 2021. He was the Group Supply Chain Director for D&L Industries from 2017 to 2020. Before that, he was Supply Chain Manager from 2010-2016, Product Manager from 2006 to 2009 and Product Representative from 2000-2006 of Oleo Fats. He currently serves as Director of the following companies: D&L Polymer & Colours, Inc., Best Value Factory Outlet Corp., D&L Premium Foods Corp. and Natura Aeropack Corporation. He holds a Bachelor of Commerce major in Accounting and Marketing degree from the University of Western Australia.

Dean A. Lao, Jr. is the Managing Director of Chemrez and a member of the Management Committee of D&L Industries. He is currently the Chairman of the United Coconut Association of the Philippines, Director of the ASEAN Oleochemical Manufacturing Group, President of the Philippine Oleochemical Manufacturers Association, President of The Philippine Biodiesel Association and member of the Wallace Business Forum, Chemical Industries Association of the Philippines, Philippine Association of Paint

Manufacturers and the Entrepreneurial Organization, Philippine Chapter. He graduated from Curtin University in Western Australia with a Bachelor of Business in Information Processing after completing his freshman year at the Ateneo de Manila University in the Philippines with a BA in Interdisciplinary Studies. He also completed the Advanced Management Program of Harvard Business School.

Lester A. Lao is the Managing Director of First in Colours, Incorporated and D&L Polymer & Colours, Inc. and a member of the Management Committee of D&L Industries. He also serves as Director of First in Colours, Incorporated, D&L Polymer & Colours, Inc., Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc. and Star Anise Properties Corporation. He finished his Bachelor of Applied Science (Information Business) in Edith Cowan University Australia.

Vincent D. Lao is the Managing Director of Oleo-Fats and a member of the Management Committee of D&L Industries. He also serves as the President of Best Value Factory Outlet Corp. He was previously Assistant Trader at Shuwa Co. Ltd. in Japan from 1994 to 1995. He also serves as Director of D&L Polymer & Colours, Incorporated, Oleo-Fats, Incorporated, Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc. and Star Anise Properties Corporation. He graduated from the University of Western Australia with a Bachelor of Arts in Economics and Japanese Studies.

Kristine Ann C. Catindig-Ong is the Corporate Secretary of the Company, Corporate Information Officer and Corporate Legal Counsel of the Company. She is likewise the Assistant Corporate Secretary of the following subsidiaries: Oleo-Fats, Incorporated, D&L Polymer & Colours, Inc., First in Colours, Incorporated, Aero-Pack Industries, Inc., and Chemrez Technologies, Inc. She is a lawyer with a juris doctor degree from the Ateneo School of Law and a member of the Integrated Bar of the Philippines.

Ainslee Anne T. Lao is the Assistant Corporate Secretary of the Company. She also serves as Director and Corporate Secretary of D&L Premium Foods Corp., Natura Aeropack Corporation and Jadel Research Center, Incorporated. She is likewise the Assistant Corporate Secretary of the following subsidiaries: Oleo-Fast, Incorporated, D&L Polymer & Colours, Inc., First In Colours, Incorporated, Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc. and Chemrez Technologies, Inc. She also serves as Chief Financial Officer of the following: LBL Prime Properties Incorporated, Anonas LRT Property and Dev't. Corporation, Ecozone Properties, Inc., Hotel Acropolis, Inc., LBL Land Corporation, Malay Resources, Inc. and Star Anise Properties Corporation. She holds a Bachelor of Arts degree in History and a Master's degree in International Business from the University of London.

Training[2]

All the above-named directors and officers attend an annual corporate governance seminar conducted in-house. The seminar for 2021 is entitled, *"Executive Briefing on Crypto Assets for Corporates"* and was held virtually on November 18, 2021 via Zoom.

Term of Office

The Company's Articles of Incorporation provide for the election of seven (7) directors to serve for a term of one year. The directors are elected at each annual meeting of the stockholders by the

[2] In compliance with Section 49 of the Revised Corporation Code

stockholders entitled to vote. Unless he resigns, dies or is removed, each director holds office until the next annual election and until his successor is duly elected.

The Board of Directors

As of date, the nominees for election to the Board of Directors on June 6, 2022 are as follows:

1. MERCEDITA S. NOLLEDO, Independent Director
2. FILEMON T. BERBA, JR., Independent Director
3. CORAZON S. DE LA PAZ-BERNARDO, Independent Director
4. LYDIA R. BALATBAT-ECHAUZ, Independent Director
5. JOHN L. LAO, Director
6. YIN YONG L. LAO, Director
7. ALVIN D. LAO, Director

A brief profile of the nominees are provided in Appendix 4 hereof.

The incumbent Independent directors of the Company are:

1. MERCEDITA S. NOLLEDO, Filipino
2. FILEMON T. BERBA, JR., Filipino
3. CORAZON S. DE LA PAZ-BERNARDO, Filipino
4. LYDIA R. BALATBAT-ECHAUZ, Filipino

The named Independent Directors are likewise nominees for election as independent directors of the Board of Directors on June 6, 2022. Details of the nominees for Independent Directors are as follows:

Nominee for Independent Director (a)	Person/Group Recommending Nomination (b)	Relation of (a) and (b)
Filemon T. Berba, Jr.	Dean L. Lao	None
Mercedita S. Nolledo	Yin Yong L. Lao	None
Corazon S. de la Paz-Bernardo	Yin Yong L. Lao	None
Lydia R. Balatbat-Echauz	Dean L. Lao	None

The independent directors have certified that they possess all the qualifications and none of the disqualifications provided for in the SRC (see their respective Certificates of Qualification attached here as Appendix 4-1).

In approving the nominations for independent directors, the Nominations Committee took into consideration the guidelines and procedures on the nomination of independent directors prescribed in SRC Rule 38. The Nomination Committee is comprised of Mr. John L. Lao as Committee Chairman and Mr. Alvin D. Lao, and Mr. Filemon T. Berba, Jr. as Committee members.

All the nominees for election to the Board of Directors satisfy the mandatory requirements specified under the provisions of Section 15, Article IV of the Company's By-Laws.

Important Note:

SEC Memorandum Circular (MC) No. 24-2019 set the term limit of the independent directors to a maximum of nine (9) years. In case the company wants to retain an independent director who has served for nine years, the board of directors should provide meritorious justification and seek the approval of shareholders during the annual shareholders' meeting.

Engr. Filemon T. Berba, Jr. has reached his 9th year as Independent Director of the Company. In accordance with the SEC MC No. 24-2019, the Board seeks the reelection of Engr. Berba as Independent Director for the term 2022-2023 given the following reasons:

1. Mr. Berba is an engineer by profession. He has also worked for various conglomerates in crucial roles. His educational background and professional experience are very valuable, especially now that the Company is embarking on a huge business expansion.

2. It will be difficult to orient a new director on the Company's businesses at this point given the threat of COVID-19. To enable a new director to have a good working knowledge of the businesses, the director has to undergo orientation consisting of a number of actual plant visits and personal meetings, which is still not recommended at the moment because of COVID-19 concerns. Thus, inducting a new director to the Board may not be the best idea at this time .

3. Mr. Berba has consistently shown integrity and probity. The Board is confident that Engr. Berba will be able to maintain his independence despite being an independent director of the Company for nine years.

FAMILY RELATIONSHIPS

Mr. Dean L. Lao, Mr. Leon L. Lao, Mr. Alex L. Lao, Mr. Yin Yong L. Lao and Mr. John L. Lao are brothers. Mr. Dean A. Lao, Jr. and Mr. Lester A. Lao are sons of Mr. Dean L. Lao. Mr. Alvin D. Lao and Mr. Vincent D. Lao are sons of Mr. Leon L. Lao. Ainslee Anne T. Lao and Franco Diego Q. Lao are the children of Mr. Alex L. Lao.

There are no family relationships between the current members of the Board of Directors and key officers other than the above.

DIRECTORS DISCLOSURES ON SELF DEALING AND RELATED PARTY TRANSACTIONS[3]

There were no transactions with directors that are not in the ordinary course of business of the Company.

Details of the Related Party Transaction are discussed under Notes 1 (General Corporate Information) and 18 (Related Party Transaction) of the Notes to the Consolidated Financial

[3] In compliance with Section 49 of the Revised Corporation Code

Statements of the Company for the year ended 2021. The related party transactions have been evaluated and executed fairly in accordance with Company's policies and under what the Company believes to be terms and conditions as may reasonably obtained from non-related third parties.

LEGAL PROCEEDINGS

None of the directors and officers have been involved in any bankruptcy proceeding, nor have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment, or decree of competent jurisdiction, permanent or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or found in action by any court or administrative bodies to have violated a securities of commodities law, for the past five (5) years up the latest date.

As of date of this report, the Company is not a party to any litigation or arbitration proceedings of material importance, which could be expected to have a material adverse effect on the Company or on the results of its operations. No litigation or claim of material importance is known to be pending or threatened against the Company or any of its properties.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Details of the Related Party Transaction are discussed under Notes 1 (General Corporate Information) and 18 (Related Party Transaction) of the Notes to the Consolidated Financial Statements of the Company for the year ended 2021. The related party transactions have been evaluated and executed fairly in accordance with Company's policies and under what the Company believes to be terms and conditions as may reasonably obtained from non-related third parties.

There were no transactions with directors, officers or any principal stockholders (owning at least 10% of the total outstanding shares of the Company) that are not in the ordinary course of business of the Company.

APPRAISAL AND PERFORMANCE REPORT FOR THE BOARD; CRITERIA AND PROCEDURE FOR ASSESSMENT[4]

Criteria and Procedure for Assessment

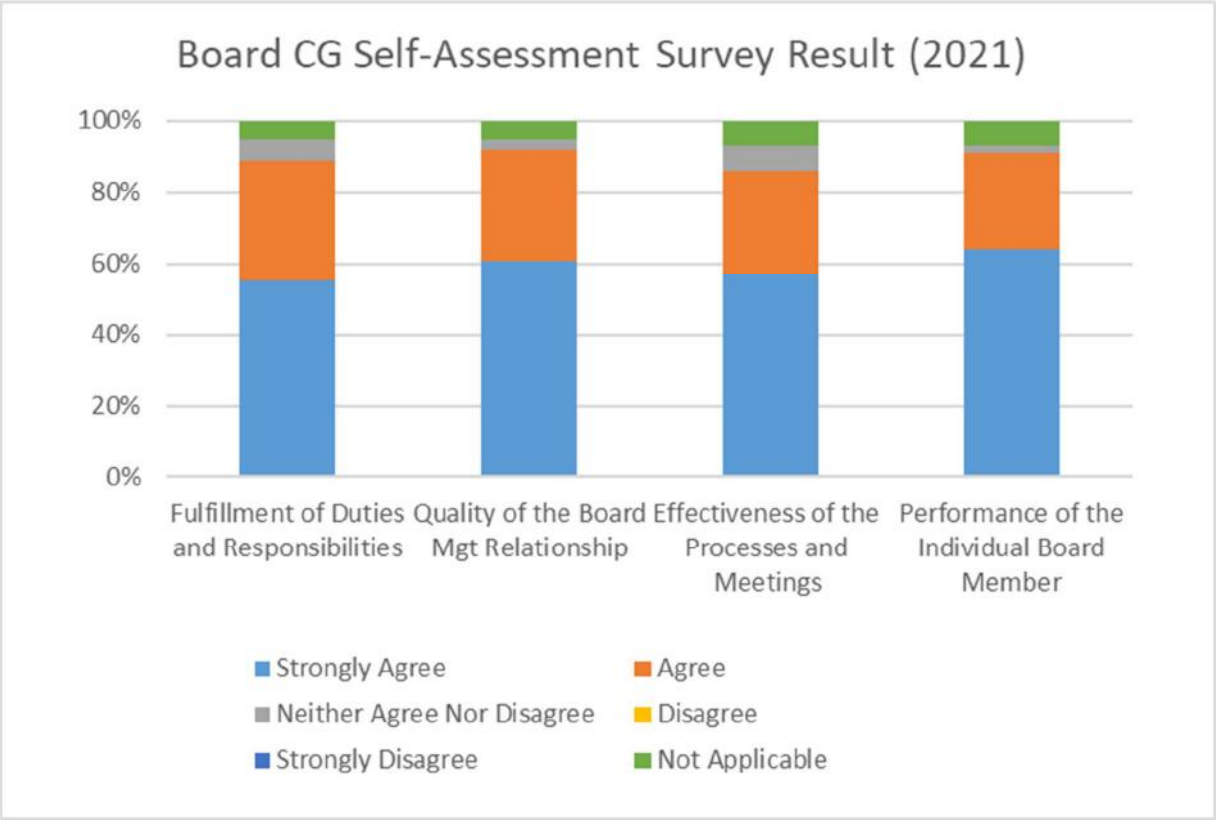
A self-assessment survey was conducted among the directors at the Board level and at the Board Committee level. The directors were asked to provide satisfaction ratings on four key areas: 1) fulfillment of duties and responsibilities; 2) quality of the relationship between board or board committee and management; 3) effectiveness of the processes and meetings of the board or board committees; and 4) performance of the individual member. The directors were to give their satisfaction ratings using the five-point scale:

1 - Strongly Disagree

[4] In compliance with Section 49 of the Revised Corporation Code

2 - Disagree
3 - Neither Disagree or Agree
4 - Agree
5 - Strongly Agree

2021 Appraisal Report



- 89% of the responses indicate that the directors agree or strongly agree that the Board fulfilled its duties and responsibilities. Notably, a few directors are neutral on the matter of the Board's engagement in the succession planning for the CEO and other key officers.

- 92% of the responses given in the area of board-management relationship are "agree" or "strongly agree". This indicates that the Board is satisfied with the quality of its relationship with management. There were a few 2 and 3 ratings on the correlation of executive pay and company performance and implementation of incentive systems.

- 86% of the time, directors agree or strongly agree that the Board processes and meetings are effective. One did not respond and a few responded with a 3 rating when asked on the institution of a formal review process for monitoring the effectiveness of Board composition and processes and the monitoring of Company performance with industry comparative data.

- 91% of the responses for the performance of the individual directors are "agree" or "strongly agree," a strong indication that the directors are highly satisfied of their individual performances.

Item 6. ***Compensation of Directors and Executive Officers***

The following table summarizes the aggregate compensation of the key management personnel of the Company (as most highly compensated officers) for the years ended December 31, 2022 (projected) and 2021 and 2020 (actual):

Name	Position	Year	Salary	Bonus	Other Compensation
Alvin D. Lao	President and CEO	2021		-	-
Dean A. Lao, Jr.	Managing Director - Chemrez	2021		-	-
Lester A. Lao	Managing Director - DLPC/FIC	2021		-	-
Vincent D. Lao	Managing Director - Oleo Fats	2021		-	-
Other Senior Officers		2021		-	-
Total			₱39,812,011		
	2022 projected compensation		42,200,732		
	2021 actual compensation		39,812,011		
	2020 actual compensation		38,468,761		

The following is the remuneration arrangement for directors for each meeting attended:

Board meetings -
- P60,000 for the Chairman of the Board
- P50,000 for each Board member

Board Committee meetings -
- P35,000 for the chairman of the Board Committee
- P25,000 for each member of the Board Committee

The table below provides the gross compensation received by the members of the Board for 2021, given in their capacity as directors:

Directors	Board Meetings	Committee Meetings	Total
Filemon T. Berba Jr.	250,000.00	250,000.00	**500,000.00**
Mercedita S. Nolledo	250,000.00	350,000.00	**600,000.00**
Corazon S. de la Paz-Bernardo	250,000.00	320,000.00	**570,000.00**
Lydia R. Balatbat-Echauz	250,000.00	195,000.00	**445,000.00**
Yin Yong L. Lao	300,000.00	25,000.00	**325,000.00**
John L. Lao	150,000.00	25,000.00	**175,000.00**
Alvin D. Lao	250,000.00	-	**250,000.00**

Aside from the aforementioned director fee no other compensation is paid to Directors of the Company. Further, the Company does not have any stock option or management incentive plan as part of its current compensation for Directors and officers.

Item 7. *Independent Public Accountants*

(a) Audit and Audit-Related Fees

The Company's independent public accountant is the accounting firm of Isla Lipana & Co. The Company's Audit Committee recommended for approval of the Board the appointment of external auditor for the ensuing year. The stockholders then approved and ratified the appointment of external auditor at the annual stockholder's meeting held on June 07, 2021. Isla Lipana has not expressed any intention to resign as the Company's principal auditor nor has it indicated any hesitance to accept re-election after the completion of their last audit. The stockholders approved the appointment of Isla Lipana & Co. as the Corporation's external auditors for the year 2021- 2022. Isla Lipana is recommended for re-appointment as external auditor for 2022. Representatives of Isla Lipana will be present during the Annual Stockholders Meeting on June 6, 2022 where they will have the opportunity to make a statement, if they wish to do so, and respond to questions, if any.

Pursuant to the General Requirements of the SRC Rule 68, paragraph 3(b)(iv), the Company has engaged Isla Lipana & Co. as external auditor with the following audit engagement partner-in-charge rotation: Mr. Roderick M. Danao was the audit engagement partner-in-charge for the Company's financial statement audit in 2018 up to 2021. Ms. Gina S. Detera was the audit engagement partner-in-charge for the Company's financial statement audit in 2017 and 2016.

The aggregate fees billed for each of the last three (3) fiscal years for professional services that are normally rendered by Isla Lipana & Co (formerly Joaquin Cunanan & Co.) for the audit of the company's Annual Financial Statements are the following:

Year	Audit Fees
2018	P5,670,000
2020	P4,500,000
2021	P5,400,000

There are no other assurance and related services by Isla Lipana & Co. that are related to the performance of the audit or review of the Company's Financial Statements.

(b) All Other Fees

Isla Lipana & Co. was engaged to provide a Comfort Letter covering financial information for the years 2017 to 2020 in line with the Company's Bond Issuance in 2021, for which fees in the amount of P1,528,000 were paid by the Company to the Isla Lipana & Co. Aside from this, there are no aggregate fees billed in each of the last three (3) fiscal years of Isla Lipana & Co. other than the services reported under item (a) above.

(c) Audit Committee's Approval Policies and Procedures

The Audit Committee is composed of Mrs. Corazon S. de la Paz-Bernardo, as Chairman (Independent Director), Atty. Mercedita S. Nolledo (Independent Director) and Mr. Filemon T. Berba Jr. (Independent Director).

The Audit Committee meets on a regular basis to:

a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;

b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation;

c) Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

d) Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;

e) Prior to the commencement of the external audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

f) Establish an internal audit function, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;

g) Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;

h) Review the reports submitted by the internal and external auditors;

i) Review the quarterly, half---year and annual financial statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting policies and practices
- Major judgmental areas
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with accounting standards
- Compliance with tax, legal and regulatory requirements

j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;

k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report; and

l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

Item 8. ***Compensation Plans***

There are no matters or actions to be taken up in the meeting with respect to any stock option or management incentive plan pursuant to which cash or non-cash compensation will be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. ***Authorization or Issuance of Securities Other than for Exchange***

There are no matters or actions to be taken up in the meeting with respect to authorization or issuance of securities.

Item 10. ***Modification or Exchange of Securities***

There are no matters or actions to be taken up in the meeting with respect to the modification of any class of the Company's securities or the issuance of authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

Item 11. ***Financial and Other Information***

The audited financial statements as of December 31, 2021, Management's Discussion and Analysis, Market, Price of Shares and Dividends and other data related to the Company's financial information (Form 17-A) are attached hereto as Appendix 1.

Pursuant to SRC Rule 68, as amended, the Company's SEC 17-Q Reports for the quarterly period ended March 31, 2021 is likewise incorporated by reference, attached hereto as Appendix 2, presenting the unaudited interim financial statements as of March 31, 2022, Management's Discussion and Analysis and other data related to the Company's financial information for the first quarter of 2022.

Market for Issuer's Common Equity

The Company's common shares are traded on the First Board of the Philippine Stock Exchange. The common shares were listed on December 12, 2012. The following table shows the high and low prices of the Company's shares in the Philippines Stock Exchange for each quarter within the last two fiscal years and for the first quarter of 2022:

In Pesos	2022		2021		2020	
	High	Low	High	Low	High	Low
First Quarter	9.00	6.96	7.89	6.63	9.60	3.97
Second Quarter			8.43	7.07	5.91	4.38
Third Quarter			8.63	7.45	5.80	4.50
Fourth Quarter			9.45	7.45	7.70	5.15

Source: Bloomberg

The market capitalization of the Company's common shares as of April 28, 2022, based on the closing price of P7.04 per share was P50,285,720,250.

Compliance with leading practice on Corporate Governance

The Company's Board revised its Manual on Corporate Governance on August 9, 2018 in compliance with SEC Memorandum Circular No. 19, Series of 2016 dated November 22, 2016. The Manual shall aid the Company in monitoring and assessing the level of the Company's compliance with practices on good corporate governance, which are consistent with the relevant Philippine laws and regulations. With the aid of its committees, the Board of Directors shall be primarily responsible for the governance of the Company and shall, hence, ensure compliance with the principles of good corporate governance.

The Company's Manual on Corporate Governance outlines specific investor's rights and protections and enumerates particular duties expected from the Board members, officers and employees. It also features a disclosure system, which highlights adherence to the principles of transparency, accountability and fairness. A compliance officer is tasked with the formulation of specific measures to determine the level of compliance with the Manual by the Board members, officers and employees. There are no known material deviations from the Company's Manual of Corporate Governance.

For compliance with leading practices on corporate governance, please refer to the latest i-ACGR which can be accessed through the Company's website at this link: https://dnl.com.ph/wp-content/uploads/2019/05/Integrated-Annual-Corporate-Governance-Report-2018.pdf. The Company will submit its I-ACGR covering the year 2021 on or before the deadline set by the SEC.

In addition, the Company has a Code of Business Principles (CoBP) which encapsulates the Company's general policies relative to its stakeholders. The CoBP contains policies on customer's welfare, dealing with suppliers and the government, whistle blowing, community welfare, the environment and sustainable development and employee welfare. The COBP can be accessed through the Company's website at this link: http://www.dnl.com.ph/images/corporategovernance/DnLCodeofBusinessPrinciplesrolloutversion.pdf. The Company's programs for employee health, safety and welfare and training and development are presented in the ACGR.

The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

Item 12. ***Mergers, Consolidations, Acquisitions and Similar Matters***

There are no matters or actions to be taken up in the meeting with respect to merger, consolidation, acquisition by, sale or liquidation of the Company.

Item 13. ***Acquisition or Disposition of Property***

There are no matters or actions to be taken up in the meeting with respect to acquisition or disposition of any property by the Company.

Item 14. ***Restatement of Accounts***

The accounting policies adopted are consistent with those of the previous financial year.

D. OTHER MATTERS

Item 15. ***Action with Respect to Reports***

The approval of the following will be considered and acted upon at the stockholders' meeting:

(a) Minutes of the annual meeting of stockholders held on June 07, 2021 (Appendix 3)
(b) Annual Report of the Company together with the Audited Financial Statement for the year ended December 31, 2021 (Appendix 1)

Item 16. Matters **Not Required to be Submitted**

There are no actions to be taken up in the meeting with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. ***Amendment of Charter, Bylaws or Other Documents***

Amendment to By-Laws

Approval by the stockholders will be sought to amend Article VIII, Section 4 of the Corporation's By-Laws to delegate to the Board of Directors the power to amend the By-Laws for purposes of complying with subsequent requirements of law and regulatory bodies including practices that the Corporation may be required to adopt and to reflect therein.

ARTICLE VIII **SUNDRY PROVISIONS**	**ARTICLE VIII** **SUNDRY PROVISIONS**
Section 4. Amendments. These By-Laws may be altered, amended or repealed by the affirmative vote of a majority of the stock issued and outstanding and entitled to vote at any regular meeting of stockholders. The same action may be taken at any special meeting of the stockholders, notice of the proposed alteration, amendment or repeal is contained in the notice of the meeting. The Board of Directors may adopt additional regulations in harmony with the foregoing By-Laws and their amendments, but shall not alter, modify or repeal the foregoing By-Laws and their amendments.	Section 4. Amendments. The Board of Directors is hereby authorized to amend and effect subsequent and necessary revisions to the By-Laws for purposes of complying with best practices, subsequent requirements of law and/or regulatory bodies. The power of the Board of Directors to amend, repeal or adopt new by-laws may be revoked only by the vote of the stockholders representing a majority of the outstanding capital stock at a regular or special meeting called for that purpose.

A resolution on this agenda item must be approved by stockholders representing at least 2/3 of the outstanding capital stock of the Corporation.

Item 18. ***Other Proposed Action***

The following are to be proposed for approval during the stockholders' meeting:

(a) Appointment of External Independent Auditors; and
(b) Election of the Members of the Board of Directors for the ensuing year

Important Note:

SEC Memorandum Circular (MC) No. 24-2019 set the term limit of the independent directors to a maximum of nine (9) years. In case the company wants to retain an independent director who has served for nine years, the board of directors should

provide meritorious justification and seek the approval of shareholders during the annual shareholders' meeting.

Engr. Filemon T. Berba, Jr. has reached his 9th year as Independent Director of the Company. In accordance with the SEC MC No. 24-2019, the Board seeks the reelection of Engr. Berba as Independent Director for the term 2022-2023 given the following reasons:

1. Mr. Berba is an engineer by profession. He has also worked for various conglomerates in crucial roles. His educational background and professional experience are very valuable, especially now that the Company is embarking on a huge business expansion.

2. It will be difficult to orient a new director on the Company's businesses at this point given the threat of COVID-19. To enable a new director to have a good working knowledge of the businesses, the director has to undergo orientation consisting of a number of actual plant visits and personal meetings, which is still not recommended at the moment because of COVID-19 concerns. Thus, inducting a new director to the Board may not be the best idea at this time .

3. Mr. Berba has consistently shown integrity and probity. The Board is confident that Engr. Berba will be able to maintain his independence despite being an independent director of the Company for nine years.

(c) Ratification of all acts of the Board of Directors and officers beginning June 08, 2021 to date.

The matters acted upon or approved by the Board of Directors, its Committees, and Management include –

(i) constitution of board committees and appointment of chairmen and members and lead independent director;
(ii) appointment of officers;
(iii) appointment of authorized representatives and signatories;
(iv) ratification of the actions of the board committees;
(v) approval of contracts, agreements transaction made in the ordinary course of business;
(vi) treasury matters; and
(vii) acts and resolutions covered by disclosures to the Securities and Exchange Commission and Philippine Stock Exchange.

Item 19. ***Voting Procedures***

1. Manner of Voting

Method: Straight and Cumulative Voting

In all items for approval except election of directors, each share of stock entitles its registered owner to one vote.

In case of election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares equal, or he may distribute them on the same principle among as many nominees as he shall see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

2. Vote required for approval

Unless a different requirement is imposed by the Corporation Code and other relevant laws, the vote of stockholders representing at least a majority of the issued and outstanding capital stock entitled to vote is required.

3. Methods of Counting Votes

Each share shall be counted as one (1) vote.

The votes will be tabulated by the stock and transfer agent and verified by the accounting firm of Isla Lipana & Co (formerly Joaquin Cunanan PricewaterhouseCoopers).

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A AND THE LATEST QUARTERLY REPORT ON SEC FORM 17-Q, FREE OF CHARGE. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A AND 17-Q SHALL BE ADDRESSED TO:

D&L Industries, Inc.
65 Industria, Bagumbayan Quezon City, Philippines 1110
Attention: Ms. Crissa Bondad

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Quezon City on May 13, 2022.

By: _____

ALVIN D. LAO
PRESIDENT/CEO

D&L Industries Inc.
List of Top 20 Shareholders
as of 3/31/2022

	Name	No. of shares held	% to total outstanding
1	JADEL HOLDINGS CO., INC.,	3,930,114,072	55.02%
2	PCD NOMINEE CORPORATION (FILIPINO)	1,515,756,655	21.22%
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	1,028,775,197	14.40%
4	SMARTWORKS TRADING CO., INC.	118,828,450	1.66%
5	CEE INDUSTRIES INC.	113,139,897	1.58%
6	JADANA INC.	98,141,822	1.37%
7	ALLVEE UNITED, INC.	95,524,564	1.34%
8	PRIME SPIN INC.	80,146,296	1.12%
9	JOHN L. LAO	65,987,202	0.92%
10	YIN YONG L. LAO	32,993,601	0.46%
11	ALEX L. LAO	32,579,888	0.46%
12	IVIE MAE DIM LAO	3,125,000	0.04%
13	YVONNE KEH	2,246,500	0.03%
14	EMILY CHUA	1,649,400	0.02%
15	ALVIN D. LAO	1,200,000	0.02%
16	DEAN LAO JR.	1,023,000	0.01%
17	YVETTE ANN DIM LAO ITF KYLE ZACHARY LAO CHUA-UNSU	1,000,000	0.01%
18	YVETTE ANN DIM LAO ITF STELLA KATHLYN LAO CHUA-UNSU	1,000,000	0.01%
19	VINCENT D. LAO ITF LORENZO VINCE TAN LAO	1,000,000	0.01%
20	MAO CORPORATE HOLDINGS, INC.	1,000,000	0.01%
	Total	7,133,947,252	99.88

Appendix 1

COVER SHEET

																				4	4	8	5	2							

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(Company's Full Name)

		6	5		I	N	D	U	S	T	R	I	A		S	T		B	A	G	U	M	B	A	Y	A	N			

									Q	U	E	Z	O	N		C	I	T	Y											

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

KRISTINE ANN CATINDIG-ONG	8635-0680
Contact Person	Company Telephone Number

1 2		3 1	SEC Form 17-A as of December 31, 2021	0 6	0 6
Month		Day	FORM TYPE	Month	Day
Fiscal Year				Annual Meeting	

Secondary License Type, if Applicable

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

	Total Amount of Borrowings	
183		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number	LCU
Document I.D.	Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*
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: **December 31, 2021**

2. Commission identification number: **44852**

3. BIR Tax Identification No: **000-421-957-000**

4. Exact name of issuer as specified in its charter**: D&L Industries, Inc.**

5. Province, country or other jurisdiction of incorporation or organization: **Metro Manila**

6. Industry Classification Code:_____(SEC Use Only)

7. Address of issuer's principal office: **65 Calle Industria, Bagumbayan, Quezon City** Postal Code: **1110**

8. Issuer's telephone number, including area code: **(02) 8635 0680**

9. Former name, former address and former fiscal year: **not applicable**

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

    Title of Each Class: **Common Stock, P1 par value**
    No. of Shares of Common Stock Issued and Outstanding: **7,142,857,990 Shares***

    **Reported by stock transfer agent as of December 31, 2021*

    Amount of Debt Outstanding**: 13,790,000,000 (as of December 31, 2021)**

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

    Yes [√] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange; A total of 7,142,857,990 shares of common stock with par value of P1.00 each.

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 Sections 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 the registrant was required to file such reports)

Yes [√] No [ ]

(b) Has been subject to such filing requirements for the past one hundred eighty (90) days. Yes

[√] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates of the registrant:

The aggregate market value of the 2,059,693,216 voting stock held by non-affiliates (public shares) as of December 31, 2021 computed based on the closing share price of P9.45 on the last trading day on December 31, 2021 is P19,464,100,891 .

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PART I - BUSINESS AND GENERAL INFORMATION

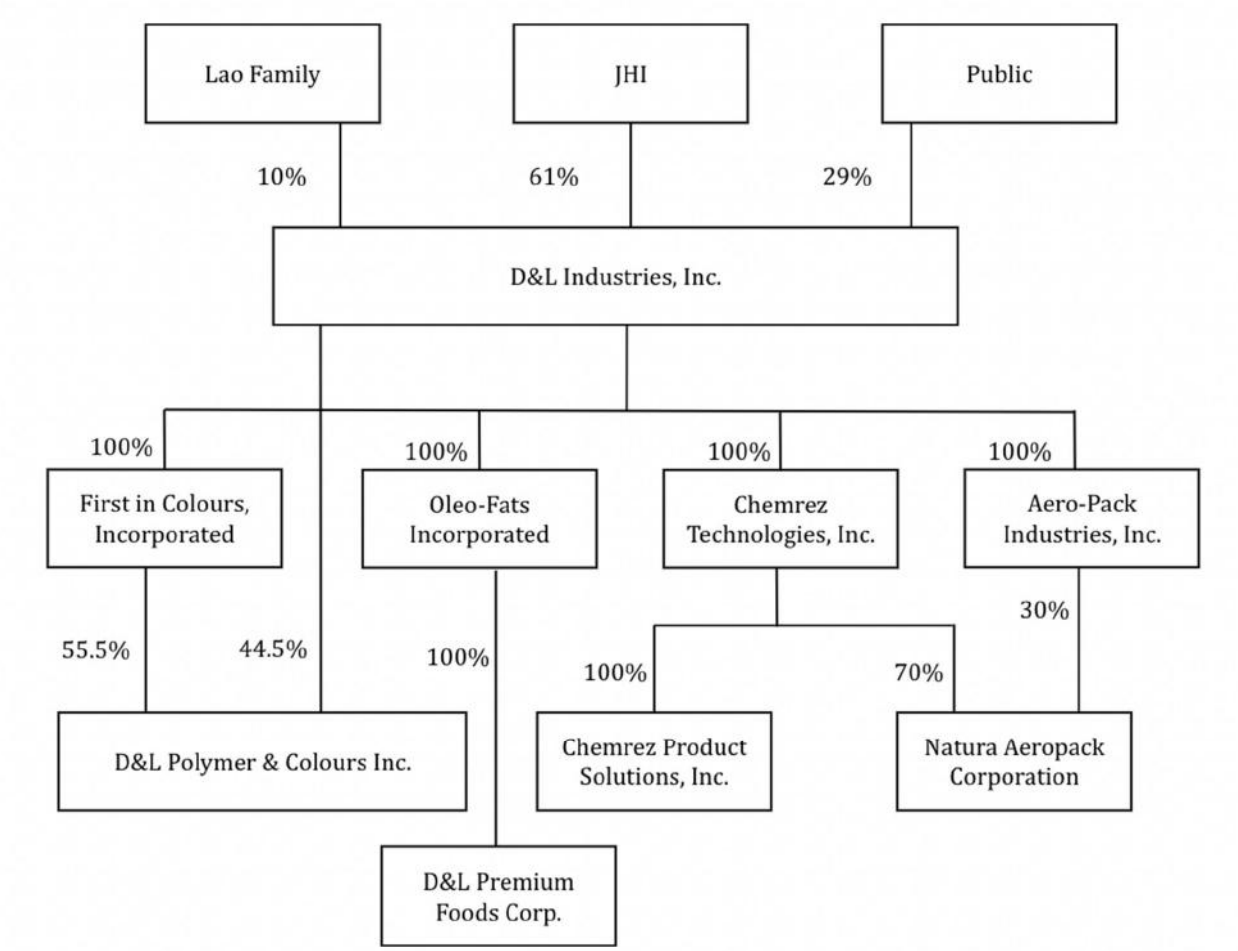
Item 1. Business

The Company

D&L Industries, Inc. (the "Company" or "D&L") was incorporated on July 27, 1971. The Company is a publicly listed company, which is 71% beneficially owned by the Lao family, the rest by the public. The Company's registered office address and principal place of business is 65 Calle Industria, Brgy Bagumbayan, Quezon City.

The Company is the holding company for a group of companies engaged in product customization and specialization for the food, chemicals, plastics and consumer products ODM (Original Design Manufacturing) industries. The company's principal business activities include manufacturing of customized food ingredients, specialty raw materials for plastics, and oleochemicals for personal and home care use. It also renders management and other services to subsidiaries and affiliate companies. It was officially listed on the Philippine Stock Exchange (PSE) on December 12, 2012.

The following diagram shows the corporate structure of the Company, excluding beneficial ownership of securities held by the Lao family members. As of December 31, 2021, the Company is 61% owned by Jadel Holdings Co., Inc. (JHI) and 10% owned by the Lao Family. The remaining 29% of the shares outstanding are publicly held.



D&L's major subsidiaries and their corresponding dates of incorporation with the SEC are as follows:

Subsidiary / Affiliate	Date of incorporation
Oleo-Fats, Incorporated (OFI)	May 04, 1987
Chemrez Product Solutions, Inc. (CPSI)	November 16, 1988
First in Colours, Incorporated (FIC)	November 17, 1988
Chemrez Technologies, Inc. (Chemrez)	June 01, 1989
Aero-Pack Industries, Inc. (Aero-Pack)	September 29, 1989
D&L Polymer & Colours, Inc. (DLPC)	March 30, 2006
Natura Aeropack Corporation (NAC)	July 20, 2016
D&L Premium Foods Corp. (DLPF)	June 29, 2017

Overview of the Business

The Company today is principally a holding company, which derives the majority of its income from subsidiaries engaged in four principal business lines, as set out below:

- *Food ingredients* – The Company, operating through its subsidiary OFI and soon through DLPF, manufactures a line of bulk and specialty fats and oils, culinary and other specialty food ingredients. The Company contract manufactures and provides food ingredient products to most of the leading food manufacturers and quick-service restaurant chains in the Philippines, and also produces food safety solutions such as cleaning and sanitation agents for various customers.

- *Oleochemicals, resins and powder coatings* – The Company, through Chemrez Technologies, Inc. (CTI) and its subsidiary Chemrez Product Solutions, Inc. (CPSI), and soon through NAC, focus on developing, manufacturing, and supplying high value customized resins, oleochemicals, and specialty products that are sustainable and cost-efficient, while enabling customers to build bigger markets. Its customer base include many industries such as biofuels, personal and home care, health and nutrition, and construction industries. CTI and CPSI serve local and international customers.

- *Colorants and plastics additives* – The Company, operating through its subsidiaries First in Colours, Inc. (FIC) and D&L Polymer and Colours, Inc. (DLPC), develops and manufactures innovative plastic solutions that make plastics aesthetically appealing, functional, and sustainable. The group's products are mainly classified as plastic colorants, additive masterbatches, and engineered polymers. Plastic colorants give plastics precise coloring and special effects mainly used for brand and product identification. Additive masterbatches add functional features to plastics such as higher processability, antimicrobial properties, and anti-static properties. Meanwhile, engineered polymers are plastic compounds that have improved mechanical and thermal properties that make them ideal for films, bottles, furniture, appliances, electronic and automotive parts, etc. Lastly, the group offers sustainable options such as compostable plastics, biodegradable plastics, bio-based plastics, recycled compounds, and upcycled materials.

- *Consumer Products ODM* – The Company, operating through its subsidiary Aero-Pack Industries, Inc., and soon through NAC, is a full original design manufacturer (ODM) and original equipment manufacturer (OEM) that offers customized aerosols and non-aerosols products to other businesses across different industries such as home care, personal care, and maintenance chemicals. The Company offers a full turnkey solution from product formulation to design, packaging, production, and delivery to customers. It is the first and the biggest aerosol manufacturing company in the Philippines with almost all of its sales coming from the domestic market.

Principal Products, Markets and Revenue Contribution

Food Ingredients

The Company, through OFI, markets and distributes a line of bulk edible oils and specialty food ingredients. The Company believes that it is the leading manufacturer of bulk and specialty fats and oils and other food ingredients in the Philippines. It serves customers across the food and beverage industry, including manufacturers of instant noodles and snack food, dairy and culinary, food service, biscuits and confectionery and bakeries, as well as domestic and international quick-service restaurant chains. The Company also contract manufactures food ingredient products for certain customers. The Company's product line has expanded to thousands of varieties of food ingredients, including specialty fats, dry and liquid mixes, and specialty condiments, driven by its ability to create customized products according to its customers' requirements. As a result, the Company derives about half of its food ingredients revenue from the manufacture and sale of customized products, which generally provide higher profit margins than bulk items such as refined vegetable oils.

In addition to food ingredients and oils, the Company provides food safety solutions and services such as customized cleaning and sanitation systems, designed and manufactured to meet the needs of customers. All of the Company's food safety solutions are supported by professional and technical services.

Colorants and Plastics Additives

The Company, through its subsidiaries FIC and DLPC, manufactures custom designed and formulated pigment blends, color and additive masterbatches and engineered polymers for a wide range of applications in the plastics industry. FIC focuses on the domestic market, while DLPC focuses primarily on the export market.

The Company believes it has the longest history in the Philippine plastics color and compound industries, and its brands have been trusted by customers for over 50 years for their color concentrate requirements for films, tapes, moldings, wires and cables, high-end fibers and other engineered polymers. The Company at various times has entered into technical assistance agreements with select international partners to increase its expertise in terms of research and development. Also, the Company works with customers to create color products and solutions that best represent the customer's products in the market, with research showing that a product's color and appearance are key factors in a consumer's buying decision and a critical element in the successful marketing of products. The state-of-the-art technology used by the Company has given end-user customers a broad range of color choices and forms.

The Company also provides additives for plastics processed by customers that enable reduced production costs or add desirable features and properties to plastics. Appropriate filler additives can reduce production costs by substituting polymers with relatively inert and inexpensive materials that make the end product cheaper by weight. Filler additives may also increase the performance of a plastic by modifying its properties, as additives contribute a wide range of properties to plastic products. For example, additives can make plastic products biodegradable and compostable. Additives can also lower the flammability of plastics used in household items, reduce friction between plastic parts, or increase a plastic's resistance to degradation caused by light sources for items such as outdoor furniture.

In addition to providing colorants or additives to customers for their own processing, the Company also provides custom engineered polymers, or engineered polymers, designed to have the precise color and properties required by the customer. Custom compounded products are delivered as plastic pellets to the customer's production plant for conversion into end-use products.

The Company also offers its customers toll compounding services. Toll compounding services enable

customers to offer specialty compounds branded with their own label. Customers may take advantage of the Company's extensive engineering and manufacturing experience to handle production and logistics, increasing their effective manufacturing capacity without incurring expansion costs.

Oleochemicals, Resins, and Powder Coatings

The Company, through Chemrez Technologies, Inc. (CTI) and its subsidiary Chemrez Product Solutions, Inc. (CPSI), and soon through NAC, focus on developing, manufacturing, and supplying high value customized resins, oleochemicals, and specialty products that are sustainable and cost-efficient, while enabling customers to build bigger markets. Its customer base include many industries such as biofuels, personal and home care, health and nutrition, and construction industries. CTI and CPSI serve local and international customers.

Oleochemicals – CME/biodiesel

Under its Oleochemicals division, Chemrez manufactures commodity biodiesel and high margin oleochemicals.

Biodiesel accounts for about half of the revenues of the Oleochemicals business. The Company's biodiesel facility is certified with an integrated management system covering ISO 9001, ISO 14001, and ISO 45001 and it is the pioneer and the only continuous process methyl ester facility in the Philippines. The said facility and coco-biodiesel products are accredited with the Department of Energy and registered with the Board of Investments with pioneer status.

Chemrez serves as a major contributor to the National Biofuels Program under RA 9367, otherwise known as the Biofuels Act of 2006. The Biofuels Act provides a national mandate for use of biofuels at 2% blend (B2).

The Company is one the DOE-accredited biodiesel producers in the country. The Company believes that its commitment to excellence in quality, delivery, and cost competitiveness would allow it to be a primary domestic supplier of choice by oil companies and institutional buyers. The extensive quality management systems of the Company and its investments in logistics infrastructure and supply chain management were designed to help assure the continuous bulk supply of compliant biodiesel to local oil companies and generate cost efficiencies that are passed on to its customers.

While biodiesel accounts for about half of the revenues of the Oleochemicals business, high margin oleochemicals account for the majority of the gross profit given that its margins are higher than that of biodiesel. Products under high margin oleochemicals include Glycerin and other Coconut Methyl Ester (CME) derivatives which are used mainly as surfactants or foaming agents for soaps and detergents. Chemrez also manufactures and sells medium-chain triglyceride (MCT) oil derived from coconut oil. Products under this segment are sold principally in the export markets. As part of the Company's strategy to grow its CME exports, Chemrez continues to develop new applications of CMEs to expand its product and market base. Through the use of pioneering process technology, products that have high export potential have been recently developed.

Other Specialty Chemicals

The Company has a solid record of experience and expertise in the manufacture and marketing of powder coating, resins, and other specialty resin-based chemicals.

- Powder coatings are protective materials applied to metal and other surfaces through an electrostatic

coating process to provide resistance against heat, weather and UV light, and certain chemicals. It is used in home appliances, metal furniture, fixtures and fittings, mechanical parts, tools and equipment and also in the construction industry.

- Resins are polymerized or chemically modified substances, which are manufactured in a variety of technical specifications to suit specific industry uses, end-user applications, and customer requirements. It includes polystyrene resins for the plastics industry, polymer emulsions for the paint industry, and polyester resins for the construction, shipping, and furniture industries.
- Other specialty resin-based chemicals consist of additives, colorants, and solvents.

The Company has maintained its market leadership in powder coatings and resins through competitive pricing, consistent quality, and the ability to offer product customization and provide on-site after-sales technical support to customers. The Company also continues to invest in research and development to develop new powder coating and resin products with improved and innovative features. It competes mainly against importers and traders.

The Company attributes its strong market position to several factors. Its operating scale allows it to manufacture products at highly competitive costs. Beyond price competition, the Company has established long-standing relationships with its customers. These partnerships allow the Company to respond quickly to customer requirements and offer newer and better products out of its extensive efforts and achievements in research and development.

Consumer Products Original Design Manufacturing

The Company, operating through its subsidiary Aero-Pack Industries, Inc., and soon through NAC, is a full original design manufacturer (ODM) and original equipment manufacturer (OEM) that offers customized aerosols and non-aerosols products to other businesses across different industries such as home care, personal care, and maintenance chemicals. The Company offers a full turnkey solution from product formulation to design, packaging, production, and delivery to customers. It is the first and the biggest aerosol manufacturing company in the Philippines with almost all of its sales coming from the domestic market.

Management and administration

D&L maintains significant operational control of OFI, FIC (including DLPC), Chemrez, and Aero-Pack, as well as of several affiliate companies that provide goods and services complimentary to those provided by the Company, including FIC Marketing Co. Inc., FIC Tankers, Inc., Consumer Care Products Inc. and LBL Prime Properties, Inc., among others**,** through a contractual "shared services" model. In particular, D&L Industries provides the following services to its subsidiaries and affiliate companies:

- *Executive Management* - including supervision of all business operations;

- *Administrative Support* - including finance, treasury, accounting, internal audit, human resources, information technology and legal services;

- *Logistics Support* - which includes warehousing, distribution and delivery, transportation fleet management, tank farm management, port clearing and procurement; and

- *Technical Services* - which include research and development, quality control and assurance and use of trademarks. The technical services for all business operations are concentrated in D&L's research and development department, which the Company believes has been a critical driver for the success of each of its business lines.

D&L maintains its own analytical laboratory that provides technical services and is located in its headquarters in Quezon City, Metro Manila. While D&L continues to provide management services for this facility, specific research, development and application activities are conducted, and expenses are incurred, by OFI, FIC (including DLPC), Chemrez Technologies, and Aero-Pack independently. D&L's and its subsidiaries' research laboratories employ highly qualified chemical engineers, chemists, consultants, technicians and support staff who service the customers of the Company in various industries.

General Operations

- Additional discussion on other business risks are also provided in Note 22 of the 2021 Consolidated Audited Financial Statement of the Company attached herein.

- The Company, in the ordinary course of business, transacts with related parties. These transactions include the purchase/sale of goods and services. Details of the Related Party Transaction are discussed under Notes 18 (Related Party Transaction) of the Notes to the Consolidated Financial Statements of the Company.

- As of December 31, 2021, the Company and its subsidiaries have a total of 987 employees. There are ancillary processes however serviced by different outsourced providers. None of the employee groups have a collective bargaining agreement. The Company does not expect any significant change in its existing workforce level for 2022.

Management of Key Risks related to the Company

Risks relating to the Philippines

As of end 2021, 67% of the Company's consolidated revenues are domestic. With a substantial portion of its business conducted and all of its assets located in the Philippines, the Company is exposed to risks associated with the Philippines, including political instability, exchange rate fluctuations, and occurrence of natural disasters such as typhoons and earthquakes.

The Company has contingency plans in place in cases of incidents – natural and man-made. These include centralized fire protection and disaster prevention systems. The Company also self-insures by maintaining a relatively high level of asset liquidity in the form of cash and cash equivalents and receivables, to protect its businesses against other potential risks. As of end-2021, cash and cash equivalents were 14% of the Company's total assets.

Risk relating to failure to keep up with technological innovation

The Company derives 57% of its consolidated revenues from high margin specialties. These are innovation-driven products, mostly tailor-made to the customer's needs. The higher the level of customization involved, the higher the profitability. Failure to anticipate and meet the requirements of our customers, as well as keep pace with evolving technological innovations in its markets might adversely impact business activities and profitability.

To make sure that the Company can respond effectively and efficiently to market needs, about 14% of its workforce is in the technical department (R&D and IT). These employees pursue various research and development activities, including product development and application, as well as quality assurance.

Risk from volatility in raw material prices

As a manufacturing company, 84% of total costs and expenses are raw materials, primarily palm oil, coconut oil, and other types of vegetable oils, as well as monomers, polymers, and other chemicals. Prices of these raw materials tend to be volatile and the Company's ability to pass on significant changes in the cost of raw materials to customers is largely dependent upon contractual relationships and market conditions.

The Company does not fix the selling price for most of its contracts with customers. Prices for the contracts are reset every month on average, enabling the Company to pass on relevant price changes in raw material costs.

Risk from customer concentration

The Company's largest customers account for a sizable portion of the business. The top three largest customers, mostly food ingredients customers, accounted for 19% of consolidated revenues in 2021. These customers are large multinational and local corporations. Significant changes in any of these customers' purchases might have material impact on the Company's businesses and profitability.

The products sold to these customers are mostly customized for which the Company is almost the sole supplier, in turn generating a stable base of sales volume for the Company. Nonetheless, cognizant of the risk of customer concentration, the Company continues to work closely with customers in order to get good demand visibility. Part of managing risks associated with customer concentration is assessing such risks against operational and strategic factors including economies of scale and knowledge accumulation.

Risk associated with the identity of the company's controlling shareholders

The Company is effectively controlled by the Lao Family and their interests may differ significantly from the interests of other shareholders.

Through direct and indirect interests, the Lao Family effectively controls the Company and its subsidiaries. Mr. Dean A. Lao, Jr., Mr. Vincent D. Lao, Mr. Lester A. Lao and Mr. Alvin D. Lao, along with other second-generation members of the Lao Family, serve in various capacities as officers and directors of the boards and officers of D&L Industries and its subsidiaries. These positions allow the Lao Family to control shareholder decisions and exercise significant control over decisions of the Board in D&L Industries and each of its subsidiaries. The interests of the Lao Family may differ significantly from the interests of other shareholders.

The Company has a track record of good corporate governance. From the time of its public listing in December 12, 2012, D&L and its key officers have been recognized by certain award-giving bodies as one of the best in the Philippines and the ASEAN region such as those cited below.

Finance Asia', a financial publication in the ASEAN region, named D&L as the country's 3rd best mid-cap company in 2014, best mid-cap company in 2015 and 2016, 2nd best mid-cap company in 2018, and best mid-cap in 2019. D&L also ranked as 7th best in the investor relations category.

New York-based Institutional Investor ranked D&L as fourth of only six most honoured companies in ASEAN in its 2019 All-Asia Executive Team survey. The Company was ranked among the top in a list of over 1,600 Asian companies nominated for outstanding corporate leadership and investor relations. The Company's investor relations program was likewise recognized as the best in the country and its

ESG and corporate governance initiatives as number 2 in the Philippines.

The Institute of Corporate Directors (ICD) gave D&L 1-golden arrow recognition in 2019 and 2020. ICD evaluates companies in five areas: right of shareholders, equitable treatment of shareholders, role of stakeholders, disclosure and transparency, and responsibilities of the Board.

Six of the seven members of the Board of Directors of the Company are also non-executive officers, with four independent directors. Independent directors also chair several committees of the Board of directors such as audit, corporate governance, related-party transaction, and risk oversight.

Item 2. Properties

Real Properties

The Company does not own any land and operates an asset-light business model. It leases real property, barges, and storage tanks used in its businesses from related parties LBL Prime Properties, Inc, FIC Tankers, Inc., and FIC Marketing, as well as from other third party lessors. The Company's lease agreements are typically for a period of one to five years and are renewable unless terminated by either party. Lease rates are all at arm's-length basis, and annual escalations are done at reasonable levels. None of the Company's properties used in its operations are subject to any material liens, encumbrances or restrictions of use.

To support the Company's centralized distribution and motor pool functions, the Company owns 69 delivery trucks, with a total capacity of 1,463 MT. The Company also contracted 6 cargo barges owned by affiliates with an aggregate capacity of approximately 10,400 MT.

The Company's production and warehouse/storage facilities are ISO 9001 (quality), ISO 14001 (environmental), ISO 45001 (Occupational Health and Safety) certified which indicate its commitment to excellence in quality, delivery, care for the environment, health and safety of its employees, and cost competitiveness to its customers. In addition, OFI's facility is FSSC 22000 (Food Safety Standard Certification) and HALAL certified.

In January 2019, the Company's laboratory facility renewed its Certificate of Accreditation as an ISO 17025 Chemical Testing Lab by the Department of Trade and Industry's Philippine Accreditation Office, attesting to its high-quality facilities and employees. The Company has continuously upgraded this and its other application laboratories to allow it to continuously seek and implement innovations across the Company's entire product design and development cycle.

Intellectual Properties

The Company believes that all proprietary product names, devices and logos used by the Company and its subsidiaries are registered with or are covered by a pending Application for Registration with the Intellectual Property Office of the Philippines, and have been filed or are owned by the Company.

As of December 31, 2021, the Company and its affiliates had over 442 registered trademarks covering a wide range of products such as resins, colorants, foam concentrates, fats and oils, powder coating and biofuel compounds, among others.

Item 3. Legal Proceedings

As of date of this report, the Company is not a party to any litigation or arbitration proceedings of material importance, which could be expected to have a material adverse effect on the Company or on the results of its operations. No litigation or claim of material importance is known to be pending or threatened against the Company or any of its properties.

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

There were no matters submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

(1) The Company's common shares are traded on the First Board of the Philippine Stock Exchange. The common shares were listed on December 12, 2012. The following table shows the high and low prices (in pesos) of the Company's shares in the Philippines Stock Exchange for the year 2021:

	High	Low
Full Year 2021 (January 01 - December 31)	P9.45	P6.63

Source: Bloomberg

The market capitalization of the Company's common shares as of end-2021, based on the closing price of P9.45 per share was P67,500,008,006.

The last traded price of the Company's shares as of May 5, 2022 was P7.30.

(2) Total shares outstanding as of December 31, 2021 was 7,142,857,990 with a par value of P1.00.

The top 20 shareholders [(1)] as of the same date are:

	Name	No. of shares held	% to total outstanding
1	JADEL HOLDINGS CO., INC.,	3,930,114,072	55.02%
2	PCD NOMINEE CORPORATION (FILIPINO)	1,505,587,881	21.08%
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	1,019,496,123	14.27%
4	SMARTWORKS TRADING CO., INC.,	118,828,450	1.66%
5	CEE INDUSTRIES INC.,	113,139,897	1.58%
6	JADANA, INC.,	98,141,822	1.37%
7	ALLVEE UNITED, INC.,	95,524,564	1.34%
8	PRIME SPIN INC.,	80,146,296	1.12%
9	JOHN L. LAO	65,987,202	0.92%

10	YIN YONG L. LAO	32,993,601	0.46%
11	ALEX L. LAO	32,579,888	0.46%
12	DEAN L. LAO	27,305,048	0.38%
13	IVIE MAE DIM LAO	2,552,000	0.04%
14	YVONNE KEH	2,246,500	0.03%
15	EMILY CHUA	1,649,400	0.02%
16	ALVIN D. LAO	1,200,000	0.02%
17	YVETTE ANN DIM LAO ITF KYLE ZACHARY LAO CHUA-UNSU	1,000,000	0.01%
18	YVETTE ANN DIM LAO ITF STELLA KATHLYN LAO CHUA-UNSU	1,000,000	0.01%
19	MAO CORPORATE HOLDINGS, INC.	1,000,000	0.01%
20	OTHER SHAREHOLDERS	12,365,246	0.17%
	Total	7,142,857,990	100%

Note: (1) Figures are based on the report rendered by the stock transfer agent and exclude shares under the PCD accounts.

Dividends

The Company's current dividend policy provides that at least 50% of its prior year's consolidated recurring net income shall be declared as dividends in favor of the stockholders of record date to be determined by the Board.

The dividends to be received by the stockholders shall be based on the recommendation of the Board after considering factors such as the Company's operating expenses, implementation of business plans, working capital requirements, cash flow position and capital expenditure requirements, as among other factors. The Company's Board of Directors may change the dividend policy at any time, as well as declare special dividends on top of the 50% commitment.

Declaration date	Payment Date	Dividend rate per share	Amount
June 07, 2021	July 15, 2021	P0.191 per share	P1,364,285,876
September 18, 2020	October 28, 2020	P0.183 per share	P1,307,143,012
June 11, 2019	July 22, 2019	P0.286 per share	P2,042,857,385
June 04, 2018	July 09, 2018	P0.260 per share	P1,857,143,077
July 13, 2017	August 10, 2017	P0.235 per share	P1,678,571,628
June 06, 2016	July 08, 2016	P0.20 per share	P1,428,571,598
June 08, 2015	July 08, 2015	P0.15 per share	P535,714,350
June 02, 2014	June 30, 2014	P0.20 per share	P714,285,799
June 24, 2013	August 19, 2013	P0.15 per share	P535,714,350

Item 6. Management's Discussion and Analysis of Financial Condition, Changes of Financial Conditions and Result of Operations

As at December 31, 2021, 2020 and 2019, the consolidated financial statements include the Company and 100% of its subsidiaries, namely: FIC, DLPC, OFI, API, CTI, CSPI, NAC, and DLPF.

FY2021 versus FY2020

Results of Operations

- Reported net income available to common shareholders increased by 31% to P2.64 billion in 2021 from P2.0 billion in 2020, or earnings per share of P0.37 versus 2020's P0.28.
- Consolidated revenues of P30.9 billion in 2021 were 42% higher than P21.7 billion in 2020. The increase in revenue was mainly due to higher sales volume as well as higher average selling prices.
- Gross profit for the year increased by 17% to P4.57 billion from P3.9 billion in 2020, mainly due to higher volume for the year.
- Selling and marketing expenses increased by 26% to P860 million for the period due to higher delivery expenses.
- Administrative expenses increased by 1% to P445 million for the period .
- The company booked other operating income of P101 million in 2021 mainly due to forex gains for the period.
- Finance cost decreased by 8% y-o-y to P142 million due to lower average interest rate for the year.
- Income tax expense increased by 6% to P577 million in 2021.

Segment Operations

Food Ingredients

- The food ingredients segment ended the year with net income higher by 70% YoY, just 15% lower than pre-pandemic levels. Both HMSP and commodity segments saw volume recovery with overall volume growth at 11% YoY. This business was the segment most heavily affected by the pandemic, hence it is also expected to post the sharpest recovery post-pandemic. With quarantine restrictions now easing across the country and in the economic hub of Metro Manila, the company anticipates that further recovery is set to continue as fully vaccinated individuals are granted more freedom of movement, especially when frequenting restaurants, hotels, and the service industry. In addition, election campaign spending may provide an added boost to food companies. In the 2016 Presidential elections, this segment saw its volume increase by 13% YoY.

Oleochemicals and Specialty Oleochemicals

- Chemrez posted 15% YoY growth in net income in FY21, while volume grew by 13% YoY. This boost in volume more than offset the overall margin compression of 7%. The margin compression mainly came from the Oleochemicals segment (chemicals derived from coconut oil), due to a surge in coconut oil prices. It takes the company 30-45 days to adjust prices to account for changes in prices of its underlying raw materials. As such, in an environment of rapid price changes, temporary margin contraction is possible. Nonetheless, the company sees its margins recovering in the succeeding quarters once coconut oil prices stabilize.

Specialty Plastics

- Specialty plastics income increased by 37% YoY in FY21. This was driven by higher volume which was up 7% YoY and a slight margin expansion of 0.3 ppt. Moving forward, the company expects steady and consistent demand given the crucial role that plastics play during the current pandemic -- from various medical applications to packaging for parcel and food deliveries. In addition, D&L has several projects in its R&D pipeline that relate to sustainable inputs for plastic manufacturing.

Aerosols

- Consumer products ODM, previously referred to as Aerosols, continues to post strong volume growth. Total volume in this segment grew by +17%, as consumer demand for sanitation and disinfectant products remains strong in the new normal. However, given overarching raw material price surges, margins were down 4% which resulted in a 6% decline in profits. Nonetheless, the company does expect margins to recover as it continues to adjust prices every 30-45 days. The company also anticipates demand for its consumer products to strengthen as quarantine restrictions ease, leading to greater foot traffic in retail outlets and more consumers resuming the regular use of personal hygiene products.

Key Financial Performance Indicators

	2021	**2020**
Gross Profit margin [a]	15%	18%
Net profit margin [b]	9%	9%
Return on Equity [c]	14%	11%
Current ratio [d]	1.82x	2.05x
Interest cover [e]	24x	12x
Net debt to equity ratio [f]	0.45x	0.17x
Asset-to-Equity ratio [g]	1.90x	1.43x
Book Value per share [h]	2.67	2.49
Return on Invested Capital [i]	12%	12.9%

[a] Gross Profit/ Revenues
[b] Net Income available to common shareholders/ Revenues
[c] Net Income available to common shareholders/ Shareholders' Equity
[d] Current Assets/ Current Liabilities
[e] Earnings before interest and taxes/ Interest Expense
[f] (Borrowings – Cash)/ Shareholders' Equity
[g] Total Assets/Total Equity
[h] Shareholders' Equity (available to owners of the Parent) / weighted average outstanding number of common shares
[i] Pre-tax income / invested capital (total assets – cash – non-interest bearing liabilities)

Financial Condition

- The Company's current ratio stood at 1.82x in 2021 vs 2.05x in 2020.

- Cash level at the end of 2021 stood at P5.2 billion from P2.1 billion at the end of 2020. The company issued a P5 billion bond in September 2021, the proceeds of which was not yet fully disbursed by the end of the year which resulted in a jump in cash levels.

- Excluding the impact of VAT in the account balances, cash conversion cycle stood at 120 days with Accounts Receivable days, Inventory days, and Accounts Payable days at 50, 91, and 21, respectively.

- Prepayments and other current assets increased by 26% to P3.1 billion in 2021 due to input taxes and creditable withholding taxes.

- Net debt to equity ratio in 2021 stood at 45%. Interest cover remains comfortable at 24x. Total borrowings as of end-2021 stood at P8.6 billion.

- Retained earnings increased by 18% in 2021 to P8.46 billion mainly as a result of net income for the year. Total dividends paid amounted to Php1.36 billion which translated to a 68% payout ratio based on previous year's net income.

- Total equity increased by 8% to P19.1 billion on the back of higher retained earnings.

- Due to higher raw material prices and the capex involved with the company's expansion in Batangas, operating cash flow and free cash flow turned negative in 2021.
    - Net cash used in operating activities stood at P0.204 million.
    - Net cash used in investing activities amounted to P 3.6 billion which was mainly spent on acquisition of property and equipment for the company's expansion site in Batangas.
    - Net cash generated from financing activities amounted to P 6.5 billion which largely came from the P5 billion bond issuance of the company in September 2021.

FY2020 versus FY2019

Results of Operations

- Reported net income available to common shareholders decreased by 23% to P2.01 billion in 2020 from P2.62 billion in 2019, or earnings per share of P0.28 versus 2019's P0.37.

- Consolidated revenues of P21.7 billion in 2020 were 3% lower than P22.3 billion in 2019. The decline in revenue was mainly due to lower sales volume for the period due to the COVID-19 pandemic.

- Gross profit for the year decreased by 15% to P4 billion from P4.7 billion in 2019, mainly due to lower volume and less favorable sales mix for the period.

- Selling and marketing expenses decreased by 8% to P683 million for the period.

- Administrative expenses increased by 29% to P514 million for the period largely due to miscellaneous expenses related to the pandemic.

- The company booked other operating losses of P85 million in 2020 mainly due to forex losses incurred for the period.

- Finance cost decreased by 29% y-o-y to P154 million due to lower average interest rate for the year.
- Income tax expense decreased by 19% to P544 million in 2020.

Segment Operations

Food Ingredients

- The food ingredients business saw its earnings drop 50% YoY in FY20 due to the pandemic and the corresponding movement restrictions which translated to lower demand from hotels, restaurants, and caterers. As the economy slowly reopens, quarter-on-quarter improvement was observed in the last two quarters of 2020.

- However, compared to year-ago pre-COVID level, earnings for this segment in the fourth quarter were still lower by 45%, as various food companies still feel the impact of the lockdown; foot traffic in malls and other commercial establishments remain well below pre-COVID levels. Nonetheless, as the general direction is to gradually reopen the economy and as we see the country adapt to the new normal, the food ingredients segment should continue to see quarter-on-quarter improvement in performance.

Oleochemicals and Specialty Oleochemicals

- For Chemrez, which is composed of Oleochemicals and Other Specialty Chemicals, the improvement in earnings was fuelled by 1) the gradual reopening of the economy and 2) strong demand for high value coconut-based products in the international market.

- The gradual easing of the quarantine restrictions in the country has allowed various sectors of the economy to reopen. Industries such as transportation and construction have been allowed to operate, albeit at still limited capacity, under a General Community Quarantine (GCQ) starting June 1 for Metro Manila and most of the nearby provinces. This resulted in the resurgence of demand for biodiesel (used in the transportation industry as an additive to diesel) and various construction-related products that the company sells under the Other Specialty Chemicals division. Meanwhile, high margin oleochemicals which are coconut-based products mainly for export continue to gain traction in the global market.

- In the fourth quarter alone, net income for the segment jumped 358% YoY, bringing FY20 net income growth to 2%. This contrasts the 24% earnings decline recorded in 9M20. Primary drivers of the recovery include a 17% YoY pick up in volume, 11% YoY gross profit margin expansion, and lower effective tax rate for the quarter after the segment breached the revenue threshold for it to qualify for an income tax holiday (ITH) granted by the Board of Investments.

Specialty Plastics

- The Specialty Plastics division saw its net income drop by 21% in FY20 mainly due to challenges brought about by the pandemic. However, green shoots have started to emerge in the second half of the year.

- The recovery in 4Q20 mainly stemmed from the higher demand for additives and colorants for plastic packaging applications. The pandemic resulted in a massive increase in parcel delivery which requires the use of more packaging materials. In the fourth quarter alone, volume for colorants and additives has already exceeded year-ago levels, growing by 7% YoY.

- On the engineered polymer side, which are predominantly export-oriented raw materials for automotive wire harnesses, demand seems to be gradually coming back as more wire harness customers are reportedly going back to a regular 5-day work week with 24-hour shifts. To a certain extent, the pandemic has increased the public's interest in purchasing vehicles given the possibility of virus exposure when using public transportation. However, the current global shortage of computer chips and its impact on vehicle production, may undermine the recovery of this segment. In the fourth quarter, volume for engineered polymers dropped by 2%, which represents a significant improvement from the 57% YoY volume drop recorded in 2Q20.

Aerosols

- Consumer Products ODM, which was previously referred to as the Aerosols segment, was a strong performer in 2020, with its income for the year growing by 35% YoY. This was mainly driven by the massive increase in demand for various sanitation products due to the pandemic. Under this division, the company formulates and manufactures various personal, home, and industrial products used for general sanitation and hygiene. Such products would include alcohol, sanitizers, and disinfectant sprays, among others.

- For presentation purposes, the company decided to change the name of this division from Aerosols to Consumer Products ODM (Original Design Manufacturer) to reflect the increasing share of non-aerosol products being sold under this division from virtually zero several years ago.

Key Financial Performance Indicators

	2020	**2019**
Gross Profit margin [a]	18%	21%
Net profit margin [b]	9%	12%
Return on Equity [c]	11%	15%
Current ratio [d]	2.05x	2.61x
Interest cover [e]	18x	16x
Net debt to equity ratio [f]	0.17x	0.08x
Asset-to-Equity ratio [g]	1.43x	1.3x
Book Value per share [h]	2.49	2.40
Return on Invested Capital [i]	12.9%	18.8%

[a] Gross Profit/ Revenues
[b] Net Income available to common shareholders/ Revenues
[c] Net Income available to common shareholders/ Shareholders' Equity
[d] Current Assets/ Current Liabilities
[e] Earnings before interest and taxes/ Interest Expense
[f] (Borrowings – Cash)/ Shareholders' Equity
[g] Total Assets/Total Equity
[h] Shareholders' Equity (available to owners of the Parent) / weighted average outstanding number of common shares
[i] Pre-tax income / invested capital (total assets – cash – non-interest bearing liabilities)

Financial Condition

- The Company's current ratio stood at 2.05x in 2020 vs 2.61x in 2019.
- Cash level at the end of 2020 stood at P2.14 billion from P1.99 billion at the end of 2019.
- Excluding the impact of VAT in the account balances, cash conversion cycle stood at 127 days with Accounts Receivable days, Inventory days, and Accounts Payable days at 52, 90, and 15, respectively.
- Prepayments and other current assets increased by 14% to P2.5 billion in 2020.
- Net debt to equity ratio in 2020 stood at 17%. Interest cover remains comfortable at 19x. Total borrowings as of end-2020 stood at P5.15 billion.
- Retained earnings increased by 11% in 2020 to P7.2 billion mainly as a result of net income for the year. Total dividends paid amounted to Php1.3 billion which translated to a 50% payout ratio based on previous year's net income.
- Total equity increased by 4% to P17.8 billion on the back of higher retained earnings.
- The Company remained operating cash flow and free cash flow positive in 2020.
    - Net cash generated from operating activities stood at P2.3 billion.
    - Net cash used in investing activities amounted to P2.5 billion which was mainly spent on acquisition of property and equipment. as.
    - Net cash generated from financing activities amounted to P344 million.

FY2019 versus FY2018

Results of Operations

- Reported net income available to common shareholders decreased by 18% to P2.6 billion in 2019 from P3.2 billion in 2018, or earnings per share of P0.37 versus 2018's P0.45.
- Consolidated revenues of P22.4 billion in 2019 were 16% lower than P26.5 billion in 2018. The decline in revenue was mainly due to lower sales volume and lower commodity oil prices which were passed on to customers. Coconut oil and palm oil average prices were down 27% and 6% yoy in 2019, respectively.
- Gross profit for the year decreased by 8% to P4.7billion from P5.1 billion in 2018, mainly due to lower volume for the period.
- Selling and marketing expenses were flat at P740 million for the period.

- Administrative expenses were also flat at P400 million for the period.
- The company booked other operating losses of P25 million in 2019 versus other operating income of P71 million recorded in 2018 mainly due to forex losses incurred for the period.
- Finance cost increased by 38% y-o-y to P217 million as the company recorded interest on finance lease with the adoption of PFRS 16 on leases.
- Income tax expense increased by 1% to P672mn in 2019.

Segment Operations

Food Ingredients

- The food ingredients segment posted meaningful margin expansion for the year, as both HMSP and commodity margins showed improvements. Blended margins expanded by 3.1ppts y-o-y in FY19. Meanwhile, volume in 4Q19 saw a sharp recovery as it grew 15% YoY, bringing total volume decline for the year to just 4% YoY from a 10% YoY decline recorded in 9M19. Net income in 4Q19 was up 13% YoY, bringing FY net income growth to 2% YoY.

Oleochemicals and Specialty Oleochemicals

- Chemrez group saw its total volume decline by 13% for the year. This was mainly due to the confluence of external factors such as the delayed passage of the budget for the year and uncertainties in the global export market related to the trade war which dampened demand for most of the year. Moreover, expiration of income tax holiday for Oleochemicals, a sub-segment of Chemrez, and forex losses resulted in a steeper decline in income. Overall, the group posted a 35% YoY decline in profits for the period.

Specialty Plastics

- Specialty plastics net income was down 18% y-o-y in FY19. This was mainly due to the 12% decline in total volume as demand for both engineered polymers and colorants and additives remained soft. This segment continues to feel the effects of the slowdown in the global auto industry as about half of its sales come from export-oriented raw materials for automotive wire harness applications.

Aerosols

- Aerosols segment has shown signs of recovery in the fourth quarter as net income increased by 12% YoY, bringing full year net income growth to 1% YoY from a 2% net income decline recorded in 9M19. Blended gross profit margins improved by 2.4 ppts while total volume grew by 2% YoY for the year.

Key Financial Performance Indicators

	2019	2018
Gross Profit margin [a]	21%	19%
Net profit margin [b]	12%	12%
Return on Equity [c]	15%	19%
Current ratio [d]	2.61%	3.05x
Interest cover [e]	16x	25x
Net debt to equity ratio [f]	0.08x	0.10x
Asset-to-Equity ratio [g]	1.3x	1.35x
Book Value per share [h]	2.40	2.32
Return on Invested Capital [i]	18.8%	21.2%

[a] Gross Profit/ Revenues
[b] Net Income available to common shareholders/ Revenues
[c] Net Income available to common shareholders/ Shareholders' Equity
[d] Current Assets/ Current Liabilities
[e] Earnings before interest and taxes/ Interest Expense
[f] (Borrowings – Cash)/ Shareholders' Equity
[g] Total Assets/Total Equity
[h] Shareholders' Equity (available to owners of the Parent) / weighted average outstanding number of common shares
[i] Pre-tax income / invested capital (total assets – cash – non-interest bearing liabilities)

Financial Condition

- The Company's current ratio stood at 2.61x in 2019 vs 3.05x in 2018.
- Cash level at the end of 2019 stood at P1.99 billion from P1.8 billion at the end of 2018.
- Excluding the impact of VAT in the account balances, cash conversion cycle stood at 161 days with Accounts Receivable days, Inventory days, and Accounts Payable days at 60, 117, and 16, respectively.
- Prepayments and other current assets increased by 21% to P2.2 billion in 2019 from P1.8 billion mainly due to higher input VAT and creditable withholding taxes.
- Net debt to equity ratio in 2019 went down to 0.08x from 0.10x in 2018. Interest cover remains comfortable at 28x. Total borrowings as of end-2019 remained at P3.4 billion.
- Retained earnings increased by 10% in 2019 to P6.5 billion mainly as a result of net income for the year. Total dividends paid amounted to Php2.0 billion which translated to a 64% payout ratio based on previous year's net income.
- Total equity increased by 3% to P17.1 billion on the back of higher retained earnings.
- The Company remained operating cash flow and free cash flow positive in 2019.

- Net cash generated from operating activities stood at P4.8 billion, due to lower working capital requirements for the year given lower coconut oil and palm oil prices.
- Net cash used in investing activities amounted to P2.1 billion which was mainly spent on acquisition of property and equipment. This was higher by 148% compared to the P858 million cash used in investing activities in 2019. This may go up further as the company ramps up spending on its expansion plan in Batangas.
- Net cash used in financing activities amounted to P2.4 billion, majority of which went to dividend payment amounting to P2.0 billion.

D&L's Plan of Operation for 2022

The company faced incredible challenges during the pandemic. Now emerging two years later on a better footing both operationally and financially, with earnings already back to pre-COVID levels, the company has not only proven but also strengthened its resilience.

From a capital structure perspective, the company is in a solid position to withstand external pressure. As of end-December 2021, it remained moderately-geared with net debt at 45% and interest cover at 24x. In addition, the cash conversion cycle for the period was lower at 120 days vs pre-pandemic level of 161 days in 2019.

While the company is cautiously optimistic that the pandemic is already at its tail end, D&L remains focused on its core competencies, ready to ride another wave of volatility brought about by recent geopolitical uncertainties. While Russia and Ukraine are not a significant part of the company's supplier or customer base, the ongoing conflict poses a threat to global recovery and has sent prices of key commodities skyrocketing over a short span of time. In the near-term, the company sees demand affected by two opposing forces - continued economic reopening on one hand, and generally higher prices of basic commodities on the other.

Nonetheless, while challenges remain, the company continues to pursue areas of opportunities that will bring the next leg of growth. With coconut oil continuing to gain traction globally as a natural and sustainable substitute to many petroleum-based raw materials, D&L plans to further capitalize on this by entering more export markets and by using its R&D expertise to introduce more highly specialized, coconut-oil based products.

D&L's expansion plan in Batangas is set to be completed by January 2023. The said expansion facility will mainly cater to D&L's growing export businesses in the food and oleochemicals segments. It will add the capability to manufacture downstream packaging, thus allowing the company to capture a bigger part of the production chain. For instance, while the company primarily sells raw materials to customers in bulk, the new plants will allow it to "pack at source". This means that D&L will have the ability to process the raw materials and package them closer to finished consumer-facing products. This will enable D&L to move a step closer to its customers by providing customized solutions and simplifying their supply chain, which is of high importance given logistical challenges in general.

Item 7. Financial Statements

The Financial Statements of the Company are incorporated herein by reference and attached as an integral part of this SEC Form-17A.

Item 8. Information on Independent Public Accountant and Other Related Matters

1. Independent Public Accountant

(a) Audit and Audit-Related Fees

The Company's independent public accountant is the accounting firm of Isla Lipana & Co. The Company's Audit Committee recommended for approval of the Board the appointment of external auditor for the ensuing year. The stockholders then approved and ratified the appointment of external auditor at the annual stockholder's meeting held on June 7, 2021. Isla Lipana has not expressed any intention to resign as the Company's principal auditor nor has it indicated any hesitance to accept re-election after the completion of their last audit.

Pursuant to the General Requirements of the SRC Rule 68, paragraph 3 (Qualifications and Reports of Independent Auditors), the Company has engaged Isla Lipana & Co. as external auditor. Mr. Roderick M. Danao was the audit engagement partner-in-charge for the Company's financial statement audit from 2018 up to 2021. Ms. Gina S. Detera was the audit engagement partner-in-charge for the Company's financial statement audit in 2017 and 2016.

The aggregate fees billed for each of the last three (3) fiscal years for professional services that are normally rendered by Isla Lipana & Co (formerly Joaquin Cunanan & Co.) for the audit of the company's Annual Financial Statements are the following:

Year	Audit Fees
2019	P5,670,000
2020	P4,500,000
2021	P5,400,000

There are no other assurance and related services by Isla Lipana & Co. that are related to the performance of the audit or review of the Company's Financial Statements.

(b) All Other Fees

Isla Lipana & Co was engaged to provide the comfort letter and arrangement letter covering years 2017 to 2020 required for the Company's Bond Issuance last 2021, for which fees in the amount of P1,528,000 were paid to Isla Lipana & Co.. There are no aggregate fees billed in each of the last three (3) fiscal years for products and services provided by Isla Lipana & Co., other than this and the services reported under item (a) above.

(c) Audit Committee's Approval Policies and Procedures

The composition of the Audit Committee is as follows:

Mrs. Corazon S. de la Paz-Bernardo, as Chairman (Independent Director), Atty. Mercedita S. Nolledo (Independent Director) and Mr. Filemon T. Berba Jr. (Independent Director).

The Audit Committee meets on a regular basis to:

a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;

b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation;

c) Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

d) Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;

e) Prior to the commencement of the external audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

f) Establish an internal audit function, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;

g) Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;

h) Review the reports submitted by the internal and external auditors;

i) Review the quarterly, half----year and annual financial statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting policies and practices
- Major judgmental areas
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with accounting standards
- Compliance with tax, legal and regulatory requirements

j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;

k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report; and

l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

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

Changes in Accounting Policies

Refer to Note 23 – Summary of Significant Accounting Policies under Changes in Accounting Policies and Disclosures discussion on the Consolidated Financial Statement as of the year ended December 31, 2021 included in this report.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The Articles of Incorporation provide for the election of seven (7) directors to the Board to serve for a term of one year. The Board is responsible for the overall management and direction of the Company. It meets on a regular basis to review and monitor the Company's financial position and operations.

The following sets forth certain information as to the Directors and executive officers of the Company and key officers of the Company's wholly-owned subsidiaries:

Advisory Board Members

Name	Age	Nationality	Position
Dean L. Lao	83	Filipino	Chairman Emeritus
Leon L. Lao	79	Filipino	Member, Advisory Board
Alex L. Lao	76	Filipino	Member, Advisory Board

Directors, Executive Officers, and Key Officers of wholly-owned subsidiaries:

Name	Age	Nationality	Position
Yin Yong L. Lao	69	Filipino	Chairman
John L. Lao	67	Filipino	Director and Vice Chairman
Alvin D. Lao	50	Filipino	Director, President and Chief Executive Officer
Mercedita S. Nolledo	81	Filipino	Independent Director
Filemon T. Berba, Jr.	84	Filipino	Independent Director
Corazon S. de la Paz-Bernardo	81	Filipino	Independent Director
Lydia R. Balatbat-Echauz	74	Filipino	Independent Director
Franco Diego Q. Lao	43	Filipino	CFO, Treasurer, Compliance Officer
Joselito P. Rivera	59	Filipino	Chief Operating Officer
Dean A. Lao, Jr.	54	Filipino	Managing Director, Chemrez Technologies
Lester A. Lao	53	Filipino	Managing Director, FIC and DLPC
Vincent D. Lao	48	Filipino	Managing Director, Oleo-Fats, Inc.
Kristine Ann C. Catindig-Ong	40	Filipino	Corporate Secretary
Ainslee Anne T. Lao	31	Filipino	Assistant Corporate Secretary

The business experience for the past five years of each of the directors and executive officers is set forth below.

Dean L. Lao is the Co-founder and Chairman Emeritus of the Company, having previously served as Chairman and President of the Company from 1971 to 2013. He now sits on the Advisory Board of the Company since 2017. He was the founder of the various companies belonging to the Lao Family which include FIC Marketing, Inc. (1986), Oleo-Fats, Incorporated (1988), Corro-Coat, Inc (1990), Aero-Pack Industries, Inc. (1990), First in Colors, Incorporated (1991), and Chemrez Product Solutions, Inc. (1991). He currently serves as Director of the following companies: Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats Incorporated, Malay Resources, Inc., FIC Marketing, Inc., FIC Tankers Corporation, LBL Prime Properties Incorporated, Ecozone Properties, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp., North Mactan Industrial Corporation and Jadel Holdings Co., Inc. Dean obtained his B.S. in Chemical Engineering from the Polytechnic Colleges of the Philippines.

Leon L. Lao is the co-founder of D&L Industries, Inc. Having previously served the Company in various capacities (Director, Chairman, President and Chief Operating Officer), Leon Lao now sits on the Advisory Board of the Company since 2017. He currently serves as the President of Chemrez Technologies, Inc., First in Colors, Incorporated and D&L Polymer & Colours, Inc., and Director of Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats Incorporated, Malay Resources, Inc., LBL Prime Properties Incorporated, Ecozone Properties, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp., North Mactan Industrial Corporation and Jadel Holdings Co., Inc. Leon obtained his B.S. in Chemical Engineering from the Polytechnic Colleges of the Philippines.

Alex L. Lao is a member of the Advisory Board of the company. He was a Director of the Company from 1971 to 2017. He has also been a Director of other subsidiaries and affiliates of D&L Industries. He previously served as Alternate Director of Axis REIT, a real estate investment trust listed in Malaysia. Mr. Lao is also a Director of the following: Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats Incorporated, Malay Resources, Inc., FIC Marketing, Inc., LBL Prime Properties Incorporated, First Batangas Industrial Park, Inc., Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc., Color-Chem Corp., North Mactan Industrial Corporation and Jadel Holdings Co., Inc. Alex obtained his B.S. in Chemical Engineering from the Polytechnic Colleges of the Philippines.

Yin Yong L. Lao is the Chairman of the Company, having been a Director since 1971 and having previously served as President. He is a Director as well as President and Chief Executive Officer of LBL Prime Properties Incorporated, Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc. and Ecozone Properties, Inc. Yin Yong is also a Trustee of the Association of Petrochemical Manufacturers of the Philippines. He also serves as a director of the following: Aero-Pack Industries, Inc., Chemrez Technologies, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, Oleo-Fats, Incorporated, Malay Resources, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp., North Mactan Industrial Corporation, and Jadel Holdings Co., Inc. He graduated from the Ateneo de Manila University with a Bachelor of Arts degree in General Studies.

John L. Lao is the Vice Chairman of the Company. He previously served as the President until August 2016. He is currently the President of Aero-Pack Industries, Inc. and Executive Vice President of Chemrez Technologies. His other directorships include North Mactan Industrial Corporation, Chemrez Technologies, Inc., Chemrez Product Solutions, Inc., First in Colours, Incorporated, D&L Polymer & Colours, Inc., D&L Powder Coating, Inc., Oleo-Fats Incorporated, Malay Resources, Inc., FIC Marketing, Inc., LBL Prime Properties Incorporated, Ecozone Properties, Inc., Anonas LRT Property and Dev't Corp., Hotel Acropolis, Inc., First Batangas Industrial Park, Inc., Color-Chem Corp. and Jadel Holdings Co., Inc. John obtained his B.S. in Business Administration from the University of the East.

Mercedita S. Nolledo is an independent director of the Company. She also serves currently as a Director and/or officer in various capacities for BPI Foundation, Inc., BPI Investment Management, Inc., Xurpas, Inc., Ayala Foundation, Inc., Ayalaland Commercial REIT, Inc., Anvaya Cove Beach & Nature Club, Michigan Holdings, Inc., and Sonoma Properties, Inc. She is also a member of the Advisory Board of Ayala Land, Inc. and Bank of the Philippine Island. Mrs. Nolledo obtained a B.S. in Business Administration and Accountancy (Magna Cum Laude and class valedictorian) and a Bachelor of Laws (LI.B degree – cum laude and class

valedictorian) from the University of the Philippines. She placed 2nd in both the Certified Public Accountant exams and bar exams in 1960 and 1965, respectively.

Filemon T. Berba, Jr. is an independent director of the Company. He is the Chairman of the Philippine Fou ndation for Science & Technology, President Emeritus of the Philippine Quality Award Foundation. He also previously served as Senior ManagingDirector of Ayala Corporation from 1991 to 2003, seconded as Vice Chairman and President of Manila Water Company from 1997 to 2003, President of Globe Telecom from 1995 to 1997, Vice Chairman and President of Integrated Microelectronics, Inc. from 1991 to 2003, President and Chief Executive Officer of Philippine Electric Corporation from 1987 to 1990, President of Westinghouse Asia Controls Corporation from 1979 to 1987, Group President of various companies under the Herdis Group from 1975 to 1979, Vice President for Manufacturing and Logistics Services for United Laboratories from 1973 to 1975, as well as other senior management positions in the First Philippine Holdings Group. Mr. Berba obtained a B.S. in Electrical Engineering (Magna Cum Laude) from the University of the Philippines and obtained his Masters of Business Administration degree (with distinction) from the Wharton School of the University of Pennsylvania.

Corazon de la Paz-Bernardo is an independent director of the Company. She headed the Social Security System from 2001 to 2008 as President and CEO. Prior to this, she built a successful career as a certified public accountant at Joaquin Cunanan & Co (PriceWaterhouseCoopers Philippines) from 1967 to 2001 where she was the Chairman and Senior Partner of the firm from 1981 to 2001. She was also the first non-European President of the International Social Security Association from 2004 to 2010. She continues to be an independent director or trustee of other companies including Roxas & Co., Republic Glass Holdings Corp., University of the East, University of the East RMMMCI, Miriam College, Del Monte Philippines, and Phinma Education Holdings Inc.. She is an adviser to the board and audit committee of BDO Unibank, Inc. and adviser to the audit committee of PLDT. Mrs. de la Paz-Bernardo is a graduate of the University of the East (Magna Cum Laude) and obtained first place in the 1960 CPA board examination. She obtained her MBA from the Cornell University Johnson School of Management as a Fulbright grantee and UE scholar.

Lydia Balatbat-Echauz is an independent director of the Company. She has more than three decades of leading the country's top schools. She served as President of publicly listed Far Eastern University from 2002 to 2012. Previous to this, she was Associate Director at the Graduate School of Business, Ateneo de Manila University until 1985 and Dean of the Graduate School of Business, De La Salle University from 1986 to 2002. Her expertise extends beyond the academe as she also sits on the board of several companies which include Meralco, Pilipinas Shell Petroleum Corp., PLDT Beneficial Trust Fund, Global Business Power Corporation, SM Foundation, Inc., Henry Sy Foundation, Inc., PhilStar Group, Riverside College, Inc., NBS College, Felicidad T. Sy Foundation, Inc., FERN Realty Corporation, BusinessWorld Publishing Corporation, and Tahanan Mutual Building and Loan Association.

Alvin D. Lao became a Director and President and Chief Executive Officer of the Company in August 2016. He also serves as a Director of Axis REIT, a REIT (real estate investment trust) listed in Malaysia. He is the President of the Technology Club of the Philippines (Philippine alumni of the Massachusetts Institute of Technology) and past president of the Entrepreneurs Organization (EO, Philippine Chapter). He is a current member of the Financial Executives Institute of the Philippines (FINEX), Wallace Business Forum, Akademyang Filipino, and Management Association of the Philippines. He is a member of the Advisory Board of Urban Land Institute – Philippine Branch. He is also the Executive Vice President and Treasurer of LBL Prime Properties Incorporated and Ecozone Properties, Inc. His other directorships include: First in Colours, Incorporated, D&L Polymer & Colours, Incorporated, FIC Tankers Corporation, Anonas LRT Property and Dev't Corp., Ecozone Properties, Inc. and Hotel Acropolis, Inc. He was previously a faculty member of the De La Salle University Graduate School of Business. He graduated from the University of Western Australia with a Bachelor of Science in Information Technology (Honours) and Statistics. He also holds a Master's degree in Business Administration from the MIT Sloan School of Management.

Joselito P. Rivera was appointed as the Chief Operating Officer in August 2017. Mr. Rivera's corporate leadership experience was gained through multi-disciplinary roles at local and multinational companies. He was the Global Head for Leadership at Ericsson Corporate Headquarters in Stockholm, Sweden for six years. Prior to that, he was with Ericsson Philippines for nine years where he held various management positions such as Senior Vice President for Business Development and Head for Market Communications, Vice President for Human Resources and Operations Development, Asia Pacific Head for Ericsson University and Talent Management. He also held positions in human resources and organization effectiveness roles at Basic/Foote, Cone & Belding, and Philippine Airlines. He is currently the Chairperson, Board of Trustees and OIC President of Pamantasan Lungsod ng Marikina and Lead Adviser for Marikina Local Government, Office of the Mayor, with focus areas in education, DRRM, livelihood and health. He was formerly Lead Adviser for several organizations such as the McCann World Group, Philippine Business for Social Progress, Staff House International, SEA Institute, Ateneo Law School, Puno Law and various Government Agencies.

Franco Diego Q. Lao was appointed as the Chief Financial Officer, Treasurer and Chief Compliance Officer of the Company on May 4, 2021. He has 21 years of experience with the group. Immediately before his appointment as CFO, he was the Finance Director of Oleo-Fats, Incorporated since February 2021. He was the Group Supply Chain Director for D&L Industries from 2017 to 2020. Before that, he was Supply Chain Manager from 2010-2016, Product Manager from 2006 to 2009 and Product Representative from 2000-2006 of Oleo Fats. He currently serves as Director of the following companies: D&L Polymer & Colours, Inc., Best Value Factory Outlet Corp., D&L Premium Foods Corp. and Natura Aeropack Corporation. He holds a Bachelor of Commerce major in Accounting and Marketing degree from the University of Western Australia.

Dean A. Lao, Jr. is the Managing Director of Chemrez and a member of the Management Committee of D&L Industries. He is currently the Chairman of the United Coconut Association of the Philippines, Director of the ASEAN Oleochemical Manufacturing Group, President of the Philippine Oleochemical Manufacturers Association, President of The Philippine Biodiesel Association and member of the Wallace Business Forum, Chemical Industries Association of the Philippines, Philippine Association of Paint Manufacturers and the Entrepreneurial Organization, Philippine Chapter. He graduated from Curtin University in Western Australia with a Bachelor of Business in Information Processing after completing his freshman year at the Ateneo de Manila University in the Philippines with a BA in Interdisciplinary Studies. He also completed the Advanced Management Program of Harvard Business School.

Lester A. Lao is the Managing Director of First in Colours, Incorporated and D&L Polymer & Colours, Inc. and a member of the Management Committee of D&L Industries. He also serves as Director of First in Colours, Incorporated, D&L Polymer & Colours, Inc., Anonas LRT Property and Dev't Corp. and Hotel Acropolis, Inc. He finished his Bachelor of Applied Science (Information Business) in Edith Cowan University Australia.

Vincent D. Lao is the Managing Director of Oleo-Fats and a member of the Management Committee of D&L Industries. He also serves as the President of Best Value Factory Outlet Corp. He was previously Assistant Trader at Shuwa Co. Ltd. in Japan from 1994 to 1995. He also serves as Director of D&L Polymer & Colours, Incorporated, Oleo-Fats, Incorporated, Anonas LRT Property and Dev't Corp., and Hotel Acropolis, Inc. He graduated from the University of Western Australia with a Bachelor of Arts in Economics and Japanese Studies.

Kristine Ann C. Catindig-Ong is the Corporate Secretary of the Company, Corporate Information Officer and Corporate Legal Counsel of the Company. She is likewise the Corporate Secretary of Chemrez Technologies, Inc. and Chemrez Product Solutions, Inc., and Assistant Corporate Secretary of the following subsidiaries:

Oleo-Fats, Incorporated, D&L Polymer & Colours, Inc., First in Colours, Incorporated and Aero-Pack Industries, Inc.. She is a lawyer with a juris doctor degree from the Ateneo School of Law and a member of the Integrated Bar of the Philippines.

Ainslee Anne T. Lao is the Assistant Corporate Secretary of the Company. She also serves as Director and Corporate Secretary of D&L Premium Foods Corp., Natura Aeropack Corporation and Jadel Research Center, Incorporated. She is likewise the Assistant Corporate Secretary of the following subsidiaries: Oleo-Fast, Incorporated, D&L Polymer & Colours, Inc., First In Colours, Incorporated, Aero-Pack Industries, Inc., Chemrez Product Solutions, Inc. and Chemrez Technologies, Inc. She also serves as Chief Financial Officer of the following: LBL Prime Properties Incorporated, Anonas LRT Property and Dev't. Corporation, Ecozone Properties, Inc., Hotel Acropolis, Inc., LBL Land Corporation, Malay Resources, Inc. and Star Anise Properties Corporation. She holds a Bachelor of Arts degree in History and a Master's degree in International Business from the University of London.

Involvement in Certain Legal Proceedings

No Director, executive officer or senior officer of the Company during the past five (5) years has been subjected to:

(a) Any bankruptcy petition files by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(b) Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(c) Any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, and commodities or banking activities.

No Director, executive officer or senior officer of the Company has 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 and the judgment has not been reversed, suspended, or vacated.

Board Meetings and Attendance

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Yin Yong L. Lao	06-7-21	7	7	100
Member	John L. Lao	06-7-21	7	7	100

Member	Alvin D. Lao	06-7-21	7	7	100
Independent	Filemon T. Berba, Jr.	06-7-21	7	7	100
Independent	Mercedita S. Nolledo	06-7-21	7	7	100
Independent	Corazon S. de la Paz-Bernardo	06-7-21	7	7	100
Independent	Lydia R. Balatbat-Echauz	06-7-21	7	7	100

Item 10. Executive Compensation

The total annual compensation received by Executive Officers and key senior personnel of the Company and its wholly-owned subsidiaries and affiliates in 2019, 2020, and 2021 amounted to P38,178,855,, P38,468,761 and P39,812,011 respectively. The projected total annual compensation for the current year 2022 is P42,200,732. The table below shows the most highly compensated key officers and senior personnel of the Company.

Name	Position	Year	Salary	Bonus	Other Compensation
Alvin D. Lao	President and CEO	2021		-	-
Dean A. Lao, Jr.	Managing Director - Chemrez	2021		-	-
Lester A. Lao	Managing Director - DLPC/FIC	2021		-	-
Vincent D. Lao	Managing Director - Oleo Fats	2021		-	-
Other Senior Officers		2021		-	-
Total			**P39,812,011**	**-**	**-**

The following are given to Directors for each meeting attended:

- P60,000 for the Chairman of the Board
- P50,000 for each Board member
- P35,000 for the chairman of the Board Committee
- P25,000 for each member of the Board Committee

Aside from the aforementioned director fee no other compensation is paid to Directors of the Company. Further, the Company does not have any stock option or management incentive plan as part of its current compensation for Directors and officers.

Item 11. Security Ownership of Certain Beneficial Owners and Management

As of December 31, 2021, the beneficial owners of more than five (5) percent of any class of the Company's voting securities are as follows:

Title of Class	*Name, address of record owner and relationship with issuer*	*Name of Beneficial Owner & Relationship w/ Record Owner*	*Citizenship*	*No. of Shares Held*	*Percent (1)*
Common	JADEL Holdings, Inc. (2) 65 Calle Industria, Bagumbayan, Quezon City Stockholders	n/a	Filipino	3,930,114,072	55.02%
Common	PCD Nominee Corp (Non-Filipino) G/F Makati Stock Exchange, Ayala Avenue, Makati City	Deutsche Bank Manila - Clients' Account	Foreign	409,636,843	5.73%
Common	PCD Nominee Corp (Non-Filipino) G/F Makati Stock Exchange, Ayala Avenue, Makati City	The Hongkong and Shanghai Banking Corp. Ltd. - Clients' Account	Foreign	384,180,706	5.38%

Note: (1) Percentage is based on total number of shares issued – 7,142,857,990
(2) Figures are based on the report rendered by the stock transfer agent

The following table shows the security ownership of the Company's senior management as of December 31, 2021:

Title of Class	Name of Beneficial Owner	Position	Amount and Nature of Beneficial Ownership (1) - Balance as of 1/1/2021	Amount and Nature of Beneficial Ownership (1) -Balance as of 12/31/2021		Citizenship	% to Total Outstanding
Common	Dean L. Lao	Chairman Emeritus	28,105,048	28,105,048	(D)	Filipino	0.39%
			34,579	34,579	(I)		0.00%
Common	Leon L. Lao	Member, Advisory Board	60,708,934	100,000	(D)	Filipino	0.00%
			1,910,493	1,910,493	(I)		0.03%
Common	Alex L. Lao	Member, Advisory Board	54,286,226	51,086,226	(D)	Filipino	0.72%
			7,050,972	7,288,623	(I)		0.10%
Common	Yin Yong L. Lao	Chairman	59,187,202	32,993,601	(D)	Filipino	0.46%
			34,778,518	14,780,566	(I)		0.21%
Common	John L. Lao	Vice Chairman	71,212,202	71,212,202	(D)	Filipino	1.00%
			8,450,178	8,450,178	(I)		0.12%
Common	Filemon T. Berba	Independent Director	200,002	200,002	(D)	Filipino	0.00%
Common	Mercedita S. Nolledo	Independent Director	700,000	700,000	(D)	Filipino	0.01%
Common	Corazon S. de la Paz-Bernardo	Independent Director	100	100	(D)	Filipino	0.00%
Common	Lydia R. Balatbat - Echauz	Independent Director	89,500	89,500	(D)	Filipino	0.00%
Common	Alvin D. Lao	President & Chief Executive Officer	8,640,500	8,910,500	(D)	Filipino	0.12%
			1,927,836	1,927,838	(I)		0.03%
Common	Dean A. Lao, Jr.	Managing Director, Chemrez Technologies	1,383,000	1,653,000	(D)	Filipino	0.02%
			2,290,577	2,290,577	(I)		0.03%
Common	Lester A. Lao	Managing Director, FIC and DLPC	753,000	1,023,000	(D)	Filipino	0.01%
			35,225,710	35,225,710	(I)		0.49%
Common	Vincent D. Lao	Managing Director, Oleo-Fats, Inc.	2,373,000	2,643,000	(D)	Filipino	0.04%
			1,927,780	1,927,780	(I)		0.03%
Common	Franco Diego Q. Lao	Chief Financial Officer, Treasurer & Chief Compliance Officer	1,279,000	1,279,000	(D)	Filipino	0.02%
			18,443,918	18,443,918	(I)		0.26%
Common	Joselito P. Rivera	Chief Operating Officer	200,000	250,000	(D)	Filipino	0.00%
Common	Kristine Catindig-Ong	Corporate Secretary	271,000	296,000	(D)	Filipino	0.00%
Common	Ainslee Anne T. Lao	Assistant Corporate Secretary	1,113,600	1,383,600	(D)	Filipino	0.01%
			17,401,874	17,988,402	(I)		0.25%
Common	Crissa Marie U. Bondad	Investor Relations Manager	263,800	353,800	(D)	Filipino	0.00%

Percentage is based on total number of shares issued of 7,142,857,990

Note:
(1) Indirectly owned shares are attributable to the individual Lao family member's direct (D) and indirect (I) interests in the following companies, which are principal stockholders of the Company

Name of Company	No. of shares in the Company	% to Total Outstanding
Jadel Holdings Co., Inc.	4,358,276,686	61.02%
SmartWorks Trading Co., Inc.	111,476,466	1.56%
Allvee United, Inc.	89,793,091	1.26%
Jadana, Inc.	54,420,789	0.76%
Prime Spin, Inc.	76,051,142	1.06%
CEE Industries, Inc.	98,359,333	1.38%

Item 12. Certain Relationships and Related Transactions

Mr. Dean L. Lao, Mr. Leon L. Lao, Mr. Alex L. Lao, Mr. Yin Yong L. Lao and Mr. John L. Lao are brothers. Mr. Dean A. Lao, Jr. and Mr. Lester A. Lao are sons of Mr. Dean L. Lao. Mr. Alvin D. Lao and Mr. Vincent D. Lao are sons of Mr. Leon L. Lao. Ms. Ainslee Anne T. Lao and Franco Diego Lao are the children of Mr. Alex L. Lao.

All other directors and officers are not related either by consanguinity or affinity.

Details of the Related Party Transaction are discussed under Notes 1 (General Corporate Information) and 18 (Related Party Transaction) of the Notes to the Consolidated Financial Statements of the Company. There were no transactions with directors, officers or any principal stockholders (owning at least 10% of the total outstanding shares of the Company) that are not in the ordinary course of business of the Company.

PART IV – CORPORATE GOVERNANCE

Item 13. Compliance with Leading Practice on Corporate Governance

For compliance with leading practices on corporate governance, please refer to the latest I-ACGR which can be accessed through the Company's website at this link: https://dnl.com.ph/wp-content/uploads/2021/08/Integrated-Annual-Corporate-Governance-Report-2020-1.pdf . The Company will submit its I-ACGR covering the year 2021 on or before the deadline set by the SEC and upload the same on the Company's website as soon as it is available.

In addition, the Company has a Code of Business Principles (CoBP) which encapsulates the Company's general policies relative to its stakeholders. The CoBP contains policies on customer's welfare, dealing with suppliers and the government, whistle blowing, community welfare, the environment and sustainable development and employee welfare. The COBP can be accessed through the Company's website at this link: https://dnl.com.ph/wp-content/uploads/2019/02/DnL-Code-of-Business-Principles.pdf. The Company's programs for employee health, safety and welfare and training and development are presented in the I-ACGR.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed in behalf of the issuer by the undersigned thereunto duly authorized, in the city of **QUEZON** on April ___, 2022.

By:

Alvin D. Lao
President/CEO

Marife M. Maddawin
Controller

Franco Diego T. Lao
Chief Finance Officer

Kristine Ann Catindig-Ong
Corporate Secretary

0 2 MAY 2022

SUBSCRIBED AND SWORN to before me this _____ day of April 2022 affiant (s) exhibiting to me his/their Driver's License, as follows:

NAMES	VALID ID	EXPIRE ON
Alvin D. Lao	P1511663B/Passport	April 2029
Franco Diego T. Lao	P9488693A/Passport	Nov 2028
Kristine Ann Catindig-Ong	D12-99-049415/DL	May 2024
Marife M. Maddawin	P4180136A/Passport	Aug 2022

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
AM Adm. Matter [illegible] June 21, 2021 to Dec. 31, 2022
IBP O.R. No. 132134 MD 2021 [illegible] O.R. No. 133076 MD 2022
PTR O.R. No. 0095112 D 1/4/21 / Roll No. 33832 / TIN# 129-871-009
MCLE No. VI-0029583 valid from 12/16/19 valid until 04/14/22 Quezon City
Address: 31-F Harvard St. Cubao, Q.C.

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Book No VI;
Series of 2022

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

D&L INDUSTRIES, INC.
LIST OF CORPORATE DISCLOSURES/REPLIES TO SEC LETTERS
UNDER SECTION FORM 17-C
JANUARY 1, 2020 TO DECEMBER 31, 2020
D&L INDUSTRIES, INC.

Date	Description of disclosure
Jan 06, 2021	Statement of Changes in Beneficial Ownership of Securities
Jan 06, 2021	Statement of Changes in Beneficial Ownership of Securities
Jan 06, 2021	Statement of Changes in Beneficial Ownership of Securities
Jan 06, 2021	Statement of Changes in Beneficial Ownership of Securities
Jan 08, 2021	Statement of Changes in Beneficial Ownership of Securities
Jan 08, 2021	Statement of Changes in Beneficial Ownership of Securities
Jan 08, 2021	Statement of Changes in Beneficial Ownership of Securities
Jan 08, 2021	Statement of Changes in Beneficial Ownership of Securities
Jan 12, 2021	Statement of Changes in Beneficial Ownership of Securities
Jan 14, 2021	Public Ownership Report
Jan 15, 2021	List of Top 100 Stockholders
Jan 19, 2021	Statement of Changes in Beneficial Ownership of Securities
Jan 25, 2021	Statement of Changes in Beneficial Ownership of Securities

Jan 25, 2021	Statement of Changes in Beneficial Ownership of Securities
Jan 25, 2021	Statement of Changes in Beneficial Ownership of Securities
Jan 25, 2021	Statement of Changes in Beneficial Ownership of Securities
Jan 25, 2021	Statement of Changes in Beneficial Ownership of Securities
Jan 26, 2021	Statement of Changes in Beneficial Ownership of Securities
Feb 04, 2021	Statement of Changes in Beneficial Ownership of Securities
Feb 26, 2021	Notice of Analysts'/Investors' Briefing
Mar 03, 2021	[Amend-1] Notice of Annual or Special Stockholders' Meeting
Mar 03, 2021	Press Release
Mar 03, 2021	Material Information/Transactions
Mar 03, 2021	Notice of Annual or Special Stockholders' Meeting
Mar 16, 2021	Press Release
Mar 16, 2021	Material Information/Transactions
Apr 13, 2021	Public Ownership Report
Apr 13, 2021	List of Top 100 Stockholders (Common Shares)
Apr 27, 2021	Annual Report
Apr 29, 2021	[Amend-2] Notice of Annual or Special Stockholders' Meeting
Apr 29, 2021	Information Statement

Apr 30, 2021	Notice of Analysts'/Investors' Briefing
May 05, 2021	Other SEC Forms, Reports and Requirements
May 05, 2021	Press Release
May 05, 2021	Initial Statement of Beneficial Ownership of Securities
May 05, 2021	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
May 05, 2021	Material Information/Transactions
May 07, 2021	[Amend-1] Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
May 11, 2021	Other SEC Forms, Reports and Requirements
May 14, 2021	Quarterly Report
May 14, 2021	[Amend-1] Other SEC Forms, Reports and Requirements
May 17, 2021	Information Statement
May 27, 2021	Statement of Changes in Beneficial Ownership of Securities
May 27, 2021	Statement of Changes in Beneficial Ownership of Securities
May 27, 2021	Statement of Changes in Beneficial Ownership of Securities
May 31, 2021	Statement of Changes in Beneficial Ownership of Securities
Jun 01, 2021	Statement of Changes in Beneficial Ownership of Securities
Jun 04, 2021	Statement of Changes in Beneficial Ownership of Securities
Jun 07, 2021	Other SEC Forms, Reports and Requirements

Jun 07, 2021	Material Information/Transactions
Jun 07, 2021	Results of Organizational Meeting of Board of Directors
Jun 07, 2021	Material Information/Transactions
Jun 07, 2021	Results of Annual or Special Stockholders' Meeting
Jun 07, 2021	[Amend-1] Declaration of Cash Dividends
Jun 07, 2021	[Amend-1] Declaration of Cash Dividends
Jun 07, 2021	Press Release
Jun 07, 2021	Declaration of Cash Dividends
Jun 07, 2021	Declaration of Cash Dividends
Jun 14, 2021	Material Information/Transactions
Jun 15, 2021	Statement of Changes in Beneficial Ownership of Securities
Jun 16, 2021	Update on Corporate Actions/Material Transactions/Agreements
Jun 17, 2021	[Amend-1] Update on Corporate Actions/Material Transactions/Agreements
Jun 28, 2021	Integrated Annual Corporate Governance Report
Jul 08, 2021	List of Top 100 Stockholders (Common Shares)
Jul 08, 2021	Other SEC Forms, Reports and Requirements
Jul 09, 2021	Press Release
Jul 13, 2021	Public Ownership Report

Jul 19, 2021	Material Information/Transactions
Jul 19, 2021	Press Release
Aug 02, 2021	[Amend-2] Update on Corporate Actions/Material Transactions/Agreements
Aug 05, 2021	Press Release
Aug 05, 2021	Material Information/Transactions
Aug 06, 2021	Notice of Analysts'/Investors' Briefing
Aug 11, 2021	[Amend-1] Press Release
Aug 11, 2021	Press Release
Aug 11, 2021	Material Information/Transactions
Aug 13, 2021	Quarterly Report
Aug 18, 2021	[Amend-3] Update on Corporate Actions/Material Transactions/Agreements
Aug 18, 2021	Material Information/Transactions
Aug 27, 2021	Press Release
Aug 27, 2021	Material Information/Transactions
Sep 01, 2021	[Amend-4] Update on Corporate Actions/Material Transactions/Agreements
Sep 03, 2021	Press Release
Sep 06, 2021	[Amend-5] Update on Corporate Actions/Material Transactions/Agreements

Sep 06, 2021	**Material Information/Transactions**
Sep 14, 2021	**Update on Corporate Actions/Material Transactions/Agreements**
Sep 22, 2021	**Statement of Changes in Beneficial Ownership of Securities**
Sep 27, 2021	**Press Release**
Oct 11, 2021	**List of Top 100 Stockholders (Common Shares)**
Oct 12, 2021	**Material Information/Transactions**
Oct 12, 2021	**Other SEC Forms, Reports and Requirements**
Oct 13, 2021	**Public Ownership Report**
Oct 13, 2021	**Material Information/Transactions**
Oct 22, 2021	**Press Release**
Nov 04, 2021	**Notice of Analysts'/Investors' Briefing**
Nov 10, 2021	**Press Release**
Nov 10, 2021	**Material Information/Transactions**
Nov 11, 2021	**Quarterly Report**
Nov 23, 2021	**Other SEC Forms, Reports and Requirements**

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Form 17-A, Item 7

Consolidated Financial Statements

Statement of Management's Responsibility for Financial Statements
Independent Auditor's Report
Consolidated Balance Sheets as of December 31, 2021 and 2020
Consolidated Statements of Income for the years ended December 31, 2021, 2020 and 2019
Consolidated Statements of Changes in Equity for the years ended December 31, 2021, 2020 and 2019
Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019
Notes to Consolidated Financial Statements

D&L Industries, Inc. and Subsidiaries

Consolidated Financial Statements
With Supplemental Schedules
For the Securities and Exchange Commission
December 31, 2021

FIRST SECTION

Audited Consolidated Financial Statements with
Supplemental Schedules for the
Securities and Exchange Commission
December 31, 2021

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First Section

Statement of management responsibility
Report of independent auditors
Consolidated statements of financial position
Consolidated statements of total comprehensive income
Consolidated statements of changes in equity
Consolidated statements of cash flows
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Securities and Exchange Commission
SEC Building, EDSA corner
Ortigas Avenue, Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of D&L Industries, Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approved the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Isla Lipana & Co, the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Yin Yong L. Lao
Chairman of the Board

Alvin D. Lao
President & CEO

Franco Diego T. Lao
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this APR 1 8 2022 at QUEZON CITY, affiants exhibiting to me their Passports Nos:

		Valid ID	Expiration/Place of Issuance
YIN YONG L. LAO	PP	P479152B	Feb 2030/DFA NCR Central
ALVIN D. LAO	PP	P1511663B	Apr 2029/DFA NCR East
FRANCO DIEGO T. LAO	PP	P9488693A	Nov 2028/DFA NCR East

Doc. No. 291;
Page No. 59;
Book No. XX;
Series of 2022

ATTY. KRISTINE ANN C. CATINDIG
NOTARY PUBLIC for QUEZON CITY
Adm. Matter No. NP-092, Until Dec. 31, 2022
No. 65 Industria St., Bagumbayan, QC
PTR No. 2443924, 1-4-22, QC / IBP No. 183278, 1-3-22, QC
TIN NO. 210-016-964 / ROLL NO. 52735
MCLE No. VI - 0022626, 4-2-2019

pwc

Isla Lipana & Co.

Independent Auditor's Report

To the Board of Directors and Shareholders of
D&L Industries, Inc. and Subsidiaries
No. 65 Industria Street
Bagumbayan, Quezon City

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of D&L Industries, Inc. and its subsidiaries (together, the "Group") as at December 31, 2021 and 2020, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2021;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2021;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2021; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Isla Lipana & Co. is the Philippine member firm of the PwC network. PwC refers to the Philippine member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is impairment of goodwill.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of goodwill Refer to note 1.3 to the consolidated financial statements As at December 31, 2021, goodwill has a carrying amount of P3.4 billion in the consolidated statement of financial position. An annual impairment review is performed based on the requirements of PAS 36, Impairment of Assets. Goodwill impairment test was performed by management related to the oleochemicals, resins and powder coating segment which was assessed to be the lowest level of cash-generating unit (or CGU). Management's impairment test over goodwill was significant to our audit because the assessment process is complex, and requires significant management estimate and judgement. The most significant assumptions used in management's impairment testing relate to the discount rate and terminal growth rate applied together with the assumptions supporting the underlying forecast cash flows, in particular the revenue growth rates and cost ratios.	We addressed the matter by evaluating management's impairment testing which includes cash flow forecasts approved by the Board of Directors of the business segment. We tested the key assumptions and methodologies used, in particular the CGU determination, discount rate, terminal growth rate, revenue growth rate and cost ratios. Specific procedures are discussed below: • Reviewed management's basis for identifying the CGU where goodwill is allocated. • Involved our valuation experts to independently assess the reasonableness of the assumptions used in determining the Weighted Average Cost of Capital (WACC), which is the basis of discount rate, with reference to comparable companies. In addition, we compared other key assumptions such as terminal growth rate and revenue growth rate, to externally derived data. • Tested reasonableness of cost ratios based on historical results and forecasted product mix based on future economic outlook that affects demand. In testing the discounted cash flow calculation, we also performed the following: • Tested mathematical accuracy of the discounted cash flow calculation. • Tested the calculation of the carrying amount of the CGU. • Performed sensitivity analysis of certain assumptions such as discount rate, terminal growth rate and revenue growth rate to ensure that no reasonable change in the assumptions would cause the carrying amount of the CGU to exceed its recoverable amount.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of each entity within the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations of an entity within the Group, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each entity within the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity within the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Roderick M. Danao.

Isla Lipana & Co.

Roderick M. Danao
Partner
CPA Cert. No. 88453
P.T.R. No. 0011280, issued on January 6, 2022, Makati City
SEC A.N. (individual) as general auditors 1585-AR-2, Category A; effective until October 14, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
TIN 152-015-078
BIR A.N. 08-000745-042-2020, issued on December 14, 2020; effective until December 13, 2023
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
April 5, 2022

Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
D&L Industries, Inc. and Subsidiaries
No. 65 Industria Street
Bagumbayan, Quezon City

We have audited the consolidated financial statements of D&L Industries, Inc. (the "Parent Company") and its subsidiaries as at and for the year ended December 31, 2021, on which we have rendered the attached report dated April 5, 2022.

In compliance with SRC Rule 68 and based on the certification received from the Parent Company's corporate secretary and the results of our work done, the Parent Company has one hundred sixty-four (164) shareholders owning one hundred (100) or more shares each as at December 31, 2021.

Isla Lipana & Co.

Roderick M. Danao
Partner
CPA Cert. No. 88453
P.T.R. No. 0011280, issued on January 6, 2022, Makati City
SEC A.N. (individual) as general auditors 1585-AR-2, Category A; effective until October 14, 2022
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valid to audit 2020 to 2024 financial statements
TIN 152-015-078
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Makati City
April 5, 2022

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Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
D&L Industries, Inc. and Subsidiaries
No. 65 Industria Street
Bagumbayan, Quezon City

We have audited the consolidated financial statements of D&L Industries (the "Parent Company") and its subsidiaries as at and for the year ended December 31, 2021, on which we have rendered the attached report dated April 5, 2022. The supplementary information shown in the *Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration* and *A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates*, as additional components required by Rule 68 of the SRC, and Schedules A, B, C, D, E, F, and G, as required by the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the SRC.

Isla Lipana & Co.

Roderick M. Danao
Partner
CPA Cert. No. 88453
P.T.R. No. 0011280, issued on January 6, 2022, Makati City
SEC A.N. (individual) as general auditors 1585-AR-2, Category A; effective until October 14, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
TIN 152-015-078
BIR A.N. 08-000745-042-2020, issued on December 14, 2020; effective until December 13, 2023
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
April 5, 2022

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Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
D&L Industries, Inc. and Subsidiaries
No. 65 Industria Street
Bagumbayan, Quezon City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of D&L Industries, Inc. and its subsidiaries (the "Group") as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated April 5, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary *Schedule on Financial Soundness Indicators*, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

Isla Lipana & Co.

Roderick M. Danao
Partner
CPA Cert. No. 88453
P.T.R. No. 0011280, issued on January 6, 2022, Makati City
SEC A.N. (individual) as general auditors 1585-AR-2, Category A; effective until October 14, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
TIN 152-015-078
BIR A.N. 08-000745-042-2020, issued on December 14, 2020; effective until December 13, 2023
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
April 5, 2022

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D&L Industries, Inc. and Subsidiaries

Consolidated Statements of Financial Position
As at December 31, 2021 and 2020
(All amounts in Philippine Peso)

	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	3	5,223,083,857	2,136,611,930
Receivables, net	4	5,338,691,748	3,681,969,281
Inventories, net	5	7,325,509,881	5,832,537,236
Due from related parties	18	108,686,787	44,728,322
Financial assets at fair value through profit or loss (FVPL)	22.2	650,480,414	638,496,145
Prepayments and other current assets	6	3,139,624,407	2,494,980,473
Total current assets		21,786,077,094	14,829,323,387
Non-current assets			
Right-of-use (ROU) assets	9	382,653,460	103,819,960
Investments in equity securities at fair value through other comprehensive income (FVOCI)	7	198,000,979	182,248,820
Property, plant and equipment, net	8	8,431,481,393	5,693,862,377
Deferred income tax assets, net	20	55,966,965	86,649,891
Goodwill	1.3	3,367,846,840	3,367,846,840
Other non-current assets	6	2,103,789,219	1,128,433,119
Total non-current assets		14,539,738,856	10,562,861,007
Total assets		36,325,815,950	25,392,184,394
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables and other liabilities	10	2,897,975,943	1,927,142,205
Lease liabilities	9	163,757,878	76,991,919
Due to related parties	18	40,663,060	21,281,272
Borrowings	11	8,850,000,000	5,150,000,000
Income tax payable	20	45,032,050	48,151,003
Total current liabilities		11,997,428,931	7,223,566,399
Non-current liabilities			
Bonds payable	11	4,940,005,642	-
Loan payable to a related party	18	-	300,000,000
Lease liabilities, net of current portion	9	236,951,645	33,650,017
Retirement benefit obligation	19	46,492,893	68,039,088
Total non-current liabilities		5,223,450,180	401,689,105
Total liabilities		17,220,879,111	7,625,255,504
Equity			
Attributable to the owners of the Parent Company:			
Share capital	12	7,142,857,990	7,142,857,990
Share premium	12	3,255,166,445	3,255,166,445
Reserve for remeasurement on retirement benefit	19	124,206,351	76,332,175
Fair value reserve on investments in equity securities at FVOCI		122,473,227	110,750,822
Retained earnings	12	8,460,232,826	7,181,821,458
Total equity		19,104,936,839	17,766,928,890
Total liabilities and equity		36,325,815,950	25,392,184,394

(The notes on pages 1 to 63 are integral part of these consolidated financial statements)

D&L Industries, Inc. and Subsidiaries

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2021
(All amounts in Philippine Peso, except earnings per share data)

	Notes	2021	2020	2019
Revenues				
Sales, net	13	30,755,098,002	21,672,526,076	22,328,142,603
Service income	13	100,162,560	66,481,870	57,635,161
		30,855,260,562	21,739,007,946	22,385,777,764
Cost of sales and services				
Cost of sales	14	(26,204,790,361)	(17,756,439,617)	(17,659,631,705)
Cost of services	14	(85,752,358)	(64,789,728)	(52,359,330)
		(26,290,542,719)	(17,821,229,345)	(17,711,991,035)
Gross profit		4,564,717,843	3,917,778,601	4,673,786,729
Selling and marketing expenses	15	(859,626,777)	(683,421,324)	(739,879,672)
General and administrative expenses	16	(444,986,746)	(438,877,967)	(399,598,263)
Other income (expense), net	17	101,371,603	(85,392,602)	(25,285,632)
Operating profit		3,361,475,923	2,710,086,708	3,509,023,162
Finance costs	9,11	(141,631,292)	(154,301,897)	(216,753,126)
Profit before income tax		3,219,844,631	2,555,784,811	3,292,270,036
Income tax (expense) benefit				
Current		(570,341,109)	(603,610,251)	(704,574,043)
Deferred		(6,806,278)	59,490,071	32,286,339
	20	(577,147,387)	(544,120,180)	(672,287,704)
Profit for the year		2,642,697,244	2,011,664,631	2,619,982,332
Other comprehensive income				
Items that will not be subsequently reclassified to profit or loss				
Remeasurement gain (loss) on retirement benefit, net of tax	19	47,874,176	(49,647,671)	(48,031,185)
Fair value adjustment on investment in equity securities at FVOCI, net of tax	7	11,722,405	-	18,224,374
		59,596,581	(49,647,671)	(29,806,811)
Total comprehensive income for the year		2,702,293,825	1,962,016,960	2,590,175,521
Profit for the year attributable to:				
Owners of the Parent Company		2,642,697,244	2,011,664,631	2,619,982,332
Non-controlling interest		-	-	-
		2,642,697,244	2,011,664,631	2,619,982,332
Total comprehensive income attributable to:				
Owners of the Parent Company		2,702,293,825	1,962,016,960	2,590,175,521
Non-controlling interest		-	-	-
		2,702,293,825	1,962,016,960	2,590,175,521
Earnings per share				
Basic and diluted		0.37	0.28	0.37

(The notes on pages 1 to 63 are integral part of these consolidated financial statements)

D&L Industries, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2021
(All amounts in Philippine Peso)

	Notes	2021	2020	2019
Cash flows from operating activities				
Profit before income tax expense		3,219,844,631	2,555,784,811	3,292,270,036
Adjustments for:				
Depreciation and amortization	8	404,250,943	433,856,339	403,635,338
Depreciation of ROU Asset	9	303,192,020	234,320,732	185,703,867
Interest expense on lease	9	18,924,775	13,522,385	23,493,534
Unrealized foreign exchange (gain) loss, net	22.4	(36,589,724)	45,074,118	20,794,431
Provision for retirement benefit obligation	19	37,724,084	30,685,341	15,460,997
Reversal of (provision for) inventory obsolescence	5	(10,497,746)	51,608,880	11,089,913
Loss on disposal of property and equipment	17	-	-	2,020,045
Loss on direct write-off of receivables	4	-	-	611,931
Loss on retirement of property and equipment		-	-	22,559
Input VAT not recovered	6	76,788,485	75,460,707	-
Realized gain on redemption of FVPL	17	-	-	(2,493,638)
Provision (reversal) for impairment of receivables	4	10,645,576	57,053,157	(2,958,136)
Unrealized gain on FV changes	17	(22,818,740)	(15,466,321)	(4,030,256)
Dividend income	17	(64,449)	(77,312)	(141,751)
Interest income	17	(5,394,857)	(3,305,612)	(4,664,531)
Interest expense from borrowings	11	141,631,292	140,779,512	193,259,592
Operating profit before working capital changes		4,137,636,290	3,619,296,737	4,134,073,931
(Increase) decrease in:				
Receivables		(1,640,866,143)	(239,844,323)	1,090,651,230
Inventories		(1,482,474,899)	(837,944,648)	1,322,473,833
Due from related parties		(63,958,465)	(7,363,545)	18,839,210
Prepayments and other current assets		(906,762,235)	(732,386,307)	(379,445,641)
Retirement benefit assets		93,509	2,074,838	481,010
Other non-current assets		(441,955,641)	269,859,352	164,262,334
Increase (decrease) in:				
Trade payables and other liabilities		965,545,770	647,254,016	(164,237,923)
Due to related parties		19,381,788	(194,429,848)	(690,237,493)
Cash generated from operations		586,639,974	2,526,516,272	5,496,860,491
Income taxes paid		(387,584,073)	(265,492,956)	(713,575,578)
Interest received from banks		5,394,857	3,305,612	4,664,531
Net cash provided by operating activities		204,450,758	2,264,328,928	4,787,949,444
Cash flows from investing activities				
Dividend received	17	64,449	77,312	141,751
Acquisition of property and equipment	6, 8, 11	(3,593,155,678)	(2,438,922,822)	(1,531,095,799)
Acquisition of financial assets at FVPL	23.2	-	(12,084,942)	(601,562,029)
Proceeds from disposal of property and equipment	8	110,616	-	649,727
Net cash used in investing activities		(3,592,980,613)	(2,450,930,452)	(2,131,866,350)
Cash flows from financing activities				
Proceeds from bonds	11	4,934,873,061	-	-
Proceeds from borrowings	11	4,700,000,000	6,050,000,000	2,100,000,000
Repayments of borrowings	11	(1,000,000,000)	(4,000,000,000)	(2,100,000,000)
Payments of loan to related party		(300,000,000)	-	-
Lease payments	9	(291,957,933)	(244,865,361)	(175,419,694)
Interest paid from lease liabilities	9	(18,924,775)	(13,522,385)	(23,493,534)
Dividends paid	12	(1,364,285,876)	(1,307,143,012)	(2,042,857,385)
Interest paid from borrowings	11	(193,182,897)	(139,692,491)	(193,259,592)
Net cash from (used in) financing activities		6,466,521,580	344,776,751	(2,435,030,205)
Net increase in cash and cash equivalents		3,077,991,725	158,175,227	221,052,889
Cash and cash equivalents, January 1	3	2,136,611,930	1,989,650,111	1,775,017,060
Effect of foreign exchange rate changes		8,480,202	(11,213,408)	(6,419,838)
Cash and cash equivalents, December 31	3	5,223,083,857	2,136,611,930	1,989,650,111

(The notes on pages 1 to 63 are integral part of these consolidated financial statements)

D&L Industries, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2021
(All amounts in Philippine Peso)

`	Share capital (Note 12)	Share premium (Note 12)	Reserve for remeasurement on retirement benefit (Note 19)	Fair value reserve on investments in equity securities at FVOCI (Note 7)	Retained earnings		Total equity
					Appropriated (Note 12)	Unappropriated (Note 12)	
Balances at January 1, 2019	7,142,857,990	3,255,166,445	174,011,031	92,526,448	500,000,000	5,400,174,892	16,564,736,806
Comprehensive income							
Profit for the year	-	-	-	-	-	2,619,982,332	2,619,982,332
Other comprehensive income for the year	-	-	(48,031,185)	18,224,374	-	-	(29,806,811)
Total comprehensive income for the year	-	-	(48,031,185)	18,224,374	-	2,619,982,332	2,590,175,521
Transaction with owners							
Declaration of cash dividend (Note 12)	-	-	-	-	-	(2,042,857,385)	(2,042,857,385)
Balances at December 31, 2019	7,142,857,990	3,255,166,445	125,979,846	110,750,822	500,000,000	5,977,299,839	17,112,054,942
Comprehensive income							
Profit for the year	-	-	-	-	-	2,011,664,631	2,011,664,631
Other comprehensive income for the year	-	-	(49,647,671)	-	-	-	(49,647,671)
Total comprehensive income for the year	-	-	(49,647,671)	-	-	2,011,664,631	1,962,016,960
Transactions with owners							
Declaration of cash dividend (Note 12)	-	-	-	-	-	(1,307,143,012)	(1,307,143,012)
Balances at December 31, 2020	7,142,857,990	3,255,166,445	76,332,175	110,750,822	500,000,000	6,681,821,458	17,766,928,890
Comprehensive income							
Profit for the year	-	-	-	-	-	2,642,697,244	2,642,697,244
Other comprehensive income for the year	-	-	47,874,176	11,722,405	-	-	59,596,581
Total comprehensive income for the year	-	-	47,874,176	11,722,405	-	2,642,697,244	2,702,293,825
Transaction with owners							
Declaration of cash dividend (Note 12)	-	-	-	-	-	(1,364,285,876)	(1,364,285,876)
Balances at December 31, 2021	7,142,857,990	3,255,166,445	124,206,351	122,473,227	500,000,000	7,960,232,826	19,104,936,839

(The notes on 1 to 63 are integral part of these consolidated financial statements)

D&L Industries, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements
As at December 31, 2021 and 2020 and for each of the three years
in the period ended December 31, 2021
(All amounts are shown in Philippine Peso, unless otherwise stated)

Note 1 - General information

1.1 Business information

D&L Industries, Inc. (the "Parent Company" or "D&L") was registered with the Securities and Exchange Commission (SEC) on July 27, 1971 primarily to invest in, purchase or otherwise acquire and own, hold, use, mortgage, pledge, exchange, or otherwise dispose of personal property of any corporation. The Parent Company is also engaged to carry on and conduct its business through any subsidiary companies or managers, or to enter into working agreements with other corporations including providing its subsidiaries corporate support services.

On November 5, 2012 and November 16, 2012, the SEC and Philippine Stock Exchange (PSE), respectively, approved the Parent Company's application for the initial public offering. The Parent Company attained its status of being a "public company" on December 12, 2012 when it listed its shares in the PSE. As a public company, it is covered by the Securities Regulation Code (SRC) Rule 68. There is no follow-on offering after initial public offering.

On May 11, 2015, the Parent Company's Board of Directors (BOD), through an amendment of the Parent Company's Articles of Incorporation, added, as an additional secondary purpose, the business of establishing and operating an analytical laboratory and rendering chemical testing services. This amendment was approved and ratified by the Parent Company's stockholders during the annual stockholders meeting on June 8, 2015. The SEC approved the amendment on July 24, 2015.

The Parent Company is a subsidiary of Jadel Holdings Co., Inc. (JHI). As at December 31, 2021, of the total shares outstanding, JHI holds 60.84% (2020 - 60.84%) and local individuals hold 10.32% (2020 - 11.13%). The remaining 28.84% (2020 - 28.03%) are publicly held.

D&L's ultimate Parent Company is Banco de Oro Trust, organized and domiciled in the Philippines, and Lao Family as the beneficial owners.

As at December 31, 2021, the Parent Company has 164 shareholders owning one hundred (100) or more shares each (2020 - 138).

The Parent Company's registered office address which is also its principal place of business is at No. 65 Industria Street, Bagumbayan, Quezon City. As at December 31, 2021, the Parent Company has 275 regular employees (2020 - 278).

The consolidated financial statements of the Group as at December 31, 2021 have been approved and authorized by the Parent Company's BOD on March 29, 2022. There were no significant events that occurred from March 29, 2022 until April 5, 2022 requiring adjustment or disclosure in the financial statements.

1.2 Consolidation

As at December 31, 2021 and 2020, the consolidated financial statements include the financial statements of the Parent Company and its subsidiaries, namely, Oleo-Fats, Incorporated (OFI) and its subsidiary, D&L Premium Foods Corp. (DLPF), First in Colours, Incorporated (FIC), D&L Polymer and Colours, Inc. (DLPCI), Chemrez Technologies, Inc. (CTI) and its subsidiaries, Chemrez Product Solutions, Inc. (CPSI), and Natura Aeropack (NAC), and Aero-Pack Industries, Inc. (API).

The Parent Company and its subsidiaries are collectively referred to here as the "Group".

The principal activities of the subsidiaries are set out below.

	Ownership interest/ participating share held			Registered place of business/ Country of incorporation	Main activity
	2021	2020	2019		
OFI	100%	100%	100%	Philippines	OFI was registered with the SEC on May 4, 1987 to carry on the business of manufacturing, processing, sourcing, marketing, selling, utilizing fats and oils, oleo chemicals and derivatives, distributing locally and abroad. OFI's registered address, which is also its principal place of business, is at No. 5 Mercury Avenue, Bagumbayan, Quezon City, Metro Manila.
DLPF	100%	100%	100%	Philippines	DLPF was registered with the SEC on June 29, 2017 to carry on the business of importing, exporting, distributing, processing, manufacturing, wholesale and retail of food and food safety products, machineries and equipment, and generally engage in and conduct any form of manufacturing or mercantile enterprise. DLPF is a wholly-owned subsidiary of OFI. Its registered address, which is also its principal place of business, is at Admin Bldg., First Industrial Township - SEZ, Brgy. Pagaspas, Tanauan City, Batangas. On December 6, 2018, the Philippine Economic Zone Authority (PEZA) approved DLPF's registration as an Ecozone Export Enterprise engaged in manufacturing of vegetable fats and oils and specialty food ingredients.
DLPCI	100%	100%	100%	Philippines	DLPCI was incorporated and registered with the SEC on March 30, 2006 primarily to carry on the business of buying, selling, importing, exporting, bartering, distributing, exchanging, processing, manufacturing, producing, refining, beneficiating and disposing at wholesale and retail of chemical products, compounds, derivatives or chemical substances and all kinds of goods, wares, manufactures, such as, but not limited to, machines, supplies and products and generally to engage in the conduct of manufacturing or mercantile enterprises. DLPC has existing tax incentives granted by PEZA for various registered activities (Note 20). DLPCI is indirectly a wholly-owned subsidiary of the Company. Its registered address, which is also its principal place of business, is at Carmelray Industrial Park, Laguna.
FIC	100%	100%	100%	Philippines	FIC was registered with the SEC on November 17, 1988 primarily to carry on the business of importing, exporting, manufacturing and distributing at wholesale and retail chemical products, compounds, derivatives or chemical substances and generally, engage in and conduct any form of manufacturing or mercantile enterprises. FIC's registered address, which is also its principal place of business, is at No. 65 Calle Industria, Bagumbayan, Quezon City, Metro Manila.

	Ownership interest/ participating share held			Registered place of business/ Country of incorporation	Main activity
	2021	2020	2019		
CTI	100%	100%	100%	Philippines	CTI was incorporated and registered with the SEC on June 1, 1989. CTI is engaged in the business of manufacturing, processing, refining all kinds of chemical products, compounds, derivatives or chemical substances and all kinds of goods, wares, supply and manufacture, buy, sell, trade, distribute or otherwise dispose of the same, locally or abroad, in the normal course of business without engaging in the business of manufacturing food, drugs and cosmetics. On May 12 and June 9, 2007, CTI's BOD and Shareholders, respectively, authorized CTI to invest and/or engage in the manufacture, sale and distribution of biodiesel under the brand "BioActiv". CTI's registered address, which is also its principal place of business, is at No. 65 Calle Industria, Bagumbayan, Quezon City, Metro Manila.
CPSI	100%	100%	100%	Philippines	CPSI was registered with the SEC on November 16, 1988 to carry on the business of buying, selling, importing, exporting, bartering, distributing, exchanging, processing, manufacturing, and disposing at wholesale and retail of chemical products, compounds, derivatives of chemical substances and generally engage in and conduct any form of manufacturing or mercantile enterprises. CPSI is a wholly-owned subsidiary of CTI, and indirectly a wholly-owned subsidiary of the Parent Company. Its registered address, which is also its principal place of business, is at No. 65 Calle Industria, Bagumbayan, Quezon City, Metro Manila.
NAC	100%	100%	100%	Philippines	NAC was incorporated and registered with the SEC on July 20, 2016 primarily to carry on the business of buying, selling, importing, exporting, bartering, distributing, exchanging, processing, manufacturing, and disposing at wholesale and retail chemical products, compounds, derivatives of chemical substances and generally engage in and conduct any form of manufacturing or mercantile enterprises. Subsequently on January 4, 2018, the Philippine Economic Zone Authority (PEZA) approved NAC's registration as an Ecozone Export Enterprise engaged in manufacturing of coconut oil fractions and coconut-based surfactants and downstream consumer products. NAC is a subsidiary of CTI, and indirectly a wholly-owned subsidiary of the Parent Company. NAC is 70% owned by CTI and 30% owned by API. Its registered address, which is also its principal place of business, is at Admin Bldg., First Industrial Township - SEZ, Brgy. Pagaspas, Tanauan City, Batangas.
API	100%	100%	100%	Philippines	API was incorporated and registered with the SEC on September 29, 1989 to engage in the manufacture of aerosol packaging materials, aerosol products, chemical derivatives and compounds and other related products. API's registered address, which is also its principal place of business, is at No. 65 Calle Industria, Bagumbayan, Quezon City, Metro Manila.

1.3 Acquisition of controlling interest in CTI

On August 29, 2014, the Parent Company's BOD resolved to acquire all the outstanding shares of CTI not previously owned by the Parent Company for P6.00 per share through a public tender offer for a total acquisition cost of P5,078.5 million. On October 7, 2014 (the acquisition date), a total of 846,408,196 shares had been tendered, representing approximately 65% of the issued and outstanding shares of CTI. As a result, CTI became a 99.7% owned by the Parent Company effective October 7, 2014.

The consideration given with respect to the acquisition is based on the fair market value of CTI's shares on the date of acquisition totaling P5,078.5 million net of acquisition-related costs amounting to P6.5 million which was charged to profit or loss in 2014. Goodwill amounting to P3,367 million was recognized from this acquisition.

1.3.1 Critical accounting estimate and judgment: Impairment tests for goodwill; key assumptions used for value-in-use (VIU) calculations

The Group reviews goodwill annually for impairment or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Goodwill is monitored by management at the level of oleochemicals, resin and powder coatings segment (lowest level of cash generating unit) following the business acquisition of CTI.

As at December 31, 2021 and 2020, the recoverable amount of oleochemicals, resin and powder coatings CGU (the "CGU") was determined based on VIU calculation (using Level 3 inputs) and require the use of assumptions. The calculations use cash flow projections based on forecast over five-year period.

The cash flow forecast reflects management's expectation of revenue growth, operating costs and margins based on past experience and outlook, consistent with internal measurements and monitoring. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rate derived from the long-term domestic consumer price index forecast of 3%. The growth rates are consistent with externally derived data.

A weighted average of cost of capital (WACC) is used in discounting the free cash flows projected.

The following are the key assumptions used in the impairment testing for the years ended December 31:

	2021	2020	2019
Revenue growth rate	10%	10%	15%
Cost of sales ratio	82%	80%	80%
WACC (on discount rate)	13%	11%	8.8%
Terminal growth rate	3%	3%	3%

Based on the above assessment, goodwill is not impaired as at December 31, 2021 and 2020 as the recoverable amount exceeds the carrying amount of the CGU included in the financial statements.

The Group's goodwill impairment review includes an impact assessment of changes in key assumptions used for VIU calculations particularly for assumptions that are highly sensitive such as revenue growth rate, terminal growth rate and WACC. The changes in recoverable amount of CGU based on reasonable possible shift in the following assumptions as of December 31 is as follows:

	2021			2020		
		In Php millions			In Php millions	
	Reasonable possible shift	+Impact on VIU	-Impact on VIU	Reasonable possible shift	+Impact on VIU	-Impact on VIU
Revenue growth rate	+2%/-2%	1,254	(1,191)	+2%/-2%	2,304	(2,045)
Cost of sales ratio	+2%/-2%	(1,442)	1,442	+2%/-2%	(2,540)	2,540
Terminal growth rate	+/-0.50%	525	(423)	+/-0.50%	709	(921)
WACC	+/-1%	(1,285)	1,583	+/-1%	(922)	590

Based on the sensitivity analysis performed using market-driven changes, management concluded that no reasonable change in the assumptions would cause the carrying amount of the CGU to exceed its recoverable amount because the calculated headroom is significant.

1.4 Impact of COVID-19 pandemic

The Group's manufacturing activities, including the ongoing construction of new manufacturing facilities in Batangas have continued. The Group has complied with all the health and safety protocols imposed by the Government.

In developing the disclosures, the Group has performed an assessment of the overall impact of the situation on the Group's operations, including the measurements of assets and liabilities of the Group and concluded that there are no material adverse effects on the Group's operations and financial position.

Note 2 - Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM), which is represented by the members of the Management Committee (ManCom), in making collective operating decisions with regard to the business segments. The ManCom, which is responsible for allocating resources and assessing performance of the operating segments, is identified as the one that makes strategic decisions for the Group.

Primary reporting - business segments

The Group's operating businesses are organized and managed according to the nature of the products marketed. Each segment, representing a strategic business unit, offers different products and services to different markets.

The Group has organized its reporting structure based on the grouping of similar products and services resulting in the following business segments:

(i) Food ingredients

The Group, operating through its subsidiary OFI and DLPF, manufactures a line of industrial fats and oils, food ingredients, specialty fats and oils and culinary and other specialty food ingredients. The Group supplies food ingredients to leading food manufacturers and quick-service restaurant chains in the Philippines, and also produces food safety solutions such as cleaning and sanitation agents for various customers.

(ii) Colorants and plastic additives

The Group, operating through its subsidiaries FIC and DLPCI, manufactures a line of pigment blends, color and additive master batches and engineered polymers for a wide range of applications, for the Philippine and export markets. The Group's products add properties such as precise coloring, reduced friction or increased resistance to degradation for plastics used in consumer goods, appliances and outdoor furniture.

(iii) Oleochemicals, resins and powder coatings

The Group, operating through its subsidiary, CTI, and subsidiaries, CPSI, and NAC, manufactures Coconut Methyl Ester ("CME", also known as coco-biodiesel), other oleochemicals or chemicals derived from vegetable oils, resins such as polystyrene, acrylic emulsions and polyester; and a line of powder coatings.

(iv) Aerosols

The Group, operating through its subsidiary, API, manufactures aerosol cans and components, and provides contract aerosol filling and compounding services. The Group also toll manufactures a range of products, including insect control, industrial maintenance chemicals, and home and personal care products, among others.

(v) Management and administrative

The Parent Company maintains significant operational control of its subsidiaries through a contractual "shared services" model (Note 18). The Parent Company also performs such management and administrative services for other related entities that are not consolidated in the Group.

The following table presents the segment information provided to the ManCom about the Group's business segments for the years ended December 31:

	Food ingredients	Colorants and plastic additives	Oleochemicals, resin and powder coatings	Aerosols	Management and administrative	Eliminations	Total
2021							
External revenue	19,075,084,495	3,001,593,454	7,493,080,295	648,542,595	-	-	30,218,300,839
Sales to related parties	120,798,411	1,705,875	1,691,425	412,601,452	100,162,560	-	636,959,723
Intersegment sales	148,295,406	81,339,376	102,612,926	46,784,718	1,991,961,937	(2,370,994,363)	-
Total revenues	19,344,178,312	3,084,638,705	7,597,384,646	1,107,928,765	2,092,124,497	(2,370,994,363)	30,855,260,562
Segment result	1,252,426,234	708,821,845	1,062,999,455	298,093,670	1,372,169,109	(1,447,132,269)	3,247,378,044
General corporate income (loss)	14,874,344	155,214,942	156,406,477	(1,578,860)	69,043,513	(279,862,537)	114,097,879
Finance costs	(113,898,392)	(3,974,593)	(2,568,822)	(2,365,810)	(58,253,812)	39,430,137	(141,631,292)
Income tax expense	(286,262,984)	(42,338,671)	(190,516,134)	(45,728,067)	(3,693,416)	(8,608,115)	(577,147,387)
Profit for the year	867,139,202	817,723,523	1,026,320,976	248,420,933	1,379,265,394	(1,696,172,784)	2,642,697,244
2020							
External revenue	12,529,487,544	2,490,455,338	5,503,351,749	613,150,749	-	-	21,136,445,380
Sales to related parties	94,455,251	1,241,429	27,966,187	412,417,829	66,481,870	-	602,562,566
Intersegment sales	162,705,876	82,978,618	52,460,626	61,923,688	1,779,250,526	(2,139,319,334)	-
Total revenues	12,786,648,671	2,574,675,385	5,583,778,562	1,087,492,266	1,845,732,396	(2,139,319,334)	21,739,007,946
Segment result	911,630,414	569,087,068	1,080,948,249	331,951,635	1,269,106,949	(1,367,245,005)	2,795,479,310
General corporate (loss) income	(36,311,515)	251,390,051	29,286,853	920,884	22,536,349	(353,215,224)	(85,392,602)
Finance costs	(139,310,714)	(7,303,162)	(15,085,411)	(1,343,958)	(19,310,261)	28,051,609	(154,301,897)
Income tax expense (benefit)	(227,028,555)	(43,929,174)	(233,230,859)	(68,492,093)	28,560,501	-	(544,120,180)
Profit for the year	508,979,630	769,244,783	861,918,832	263,036,468	1,300,893,538	(1,692,408,620)	2,011,664,631
2019							
External revenue	12,502,193,251	3,065,842,886	5,689,961,548	582,833,809	-	-	21,840,831,494
Sales to related parties	225,549,048	1,911,696	13,249,780	246,600,585	57,635,161	-	544,946,270
Intersegment sales	30,065,556	88,160,481	46,166,041	21,291,015	2,469,223,189	(2,654,906,282)	-
Total revenues	12,757,807,855	3,155,915,063	5,749,377,369	850,725,409	2,526,858,350	(2,654,906,282)	22,385,777,764
Segment result	1,636,879,077	708,450,772	983,455,668	246,540,229	1,936,708,992	(1,977,725,946)	3,534,308,792
General corporate income (loss)	(15,665,766)	127,693,729	61,935,404	1,344,161	34,838,354	(235,431,512)	(25,285,630)
Finance costs	(185,207,839)	(16,207,356)	(27,753,200)	(1,644,598)	(21,099,202)	35,159,069	(216,753,126)
Income tax expense (benefit)	(409,867,052)	(52,282,271)	(183,845,036)	(50,988,366)	24,695,021	-	(672,287,704)
Profit for the year	1,026,138,420	767,654,874	833,792,836	195,251,426	1,975,143,165	(2,177,998,389)	2,619,982,332

Eliminations pertain to the consolidation adjustments in the preparation of the consolidated financial statements as discussed in Note 23.6.1.

Other segment information as at December 31 are as follows:

	Food ingredients	Colorants and plastic additives	Oleochemicals, resin and powder coatings	Aerosols	Management and administrative	Total
2021						
Segment assets	17,569,639,567	2,721,093,208	13,724,573,721	724,872,330	1,585,637,124	36,325,815,950
Segment liabilities	9,204,804,889	538,816,742	2,136,495,435	200,731,302	5,140,030,743	17,220,879,111
Capital expenditures	1,831,759,613	20,572,459	1,223,973,528	8,688,377	56,986,598	3,141,980,575
Depreciation and amortization	317,778,312	90,243,670	177,279,066	49,415,740	72,726,178	707,442,966
2020						
Segment assets	10,975,414,712	2,206,976,817	10,196,243,381	638,478,753	1,375,070,731	25,392,184,394
Segment liabilities	5,400,715,559	373,898,241	1,094,628,271	147,517,834	608,495,599	7,625,255,504
Capital expenditures	1,369,756,824	13,215,541	692,840,392	23,441,675	21,660,577	2,120,915,009
Depreciation and amortization	295,779,817	97,154,854	164,203,462	27,978,640	83,060,298	668,177,071
2019						
Segment assets	8,602,754,382	2,286,421,287	9,166,576,231	581,870,461	1,662,932,040	22,300,554,401
Segment liabilities	3,192,961,286	230,754,667	1,071,116,648	134,279,219	559,387,639	5,188,499,459
Capital expenditures	1,006,180,060	21,737,413	430,428,638	27,928,810	44,820,878	1,531,095,799
Depreciation and amortization	290,536,928	65,604,203	122,167,618	28,829,899	81,200,557	588,339,205

The amounts provided to the ManCom with respect to total assets, liabilities and profit or loss are recognized and measured in a manner consistent with those of the consolidated financial statements.

Secondary reporting - geographical information

Geographical information of the Group's revenue for each of the three years ended December 31 are as follows:

	2021	2020	2019
Customers in the Philippines	23,053,796,064	15,428,722,406	19,139,015,234
Customers in other countries	7,801,464,498	6,310,285,540	3,246,762,530
	30,855,260,562	21,739,007,946	22,385,777,764

Customers in other countries include exports to Asia, and developed economies such as USA, United Kingdom, EU and Australia. The table below shows the breakdown of revenue from outside Philippines based on geographical region.

	2021	2020	2019
China	2,346,690,101	1,069,375,131	739,356,710
United Kingdom	1,549,719,978	895,880,449	251,124,659
United States of America	1,036,451,905	1,057,231,679	407,919,645
Others (mainly EU and Australia)	2,868,602,514	3,287,798,281	1,848,361,516
	7,801,464,498	6,310,285,540	3,246,762,530

There were no non-current assets located outside the Philippines.

Note 3 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2021	2020
Cash in banks	5,209,955,015	2,057,600,845
Cash on hand	7,489,005	73,434,975
Cash equivalents	5,639,837	5,576,110
	5,223,083,857	2,136,611,930

Cash in banks earn interest at the bank deposit rates of 0.13% to 0.90% per annum for the year ended December 31, 2021 (2020 - 0.05% to 0.25% per annum). Cash equivalents pertain to cash placements with a local bank with maturity of less than 3 months.

For the year ended December 31, 2021, the Group earned interest income from cash accounts amounting to P5,394,857 (2020 - P3,305,612; 2019 - P4,664,531) (Note 17).

Note 4 - Receivables, net

Receivables, net as at December 31 consist of:

	2021	2020
Trade receivables	5,387,974,677	3,745,758,219
Allowance for impairment of receivables	(54,885,595)	(69,202,300)
	5,333,089,082	3,676,555,919
Advances to officers and employees	3,730,272	1,525,284
Other receivables	1,872,394	3,888,078
	5,338,691,748	3,681,969,281

Trade receivables arose from sale of goods and services. These are unsecured and non-interest bearing.

Movements in the allowance for impairment of receivables for the years ended December 31 are as follows:

	Note	2021	2020	2019
Beginning of year		69,202,300	12,149,143	15,719,210
Provision (reversal)	16	10,645,576	57,053,157	(2,958,136)
Write-off		(24,962,281)	-	(611,931)
End of year		54,885,595	69,202,300	12,149,143

4.1 Critical accounting estimate and judgment: Recoverability of receivables

Provision for impairment of receivables is maintained at a level considered adequate to provide for uncollectible receivables. Provision for impairment is calculated using expected credit losses (ECLs). ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group used relevant historical information and loss experience to determine the probability of default of the receivables arising from sale of goods and services to third parties and incorporated forward-looking information. The Group also evaluates specific account of customers who are unable to meet their financial obligations. In these cases, management uses judgment and assessment based on the best available facts, supported by historical defaults and credit losses.

Note 5 - Inventories, net

Inventories, net as at December 31 consist of:

	2021	2020
At net realizable value		
Finished goods	1,845,011,807	1,663,873,626
Allowance for inventory obsolescence	(25,431,091)	(26,693,967)
	1,819,580,716	1,637,179,659
At net realizable value		
Raw materials	5,137,819,056	3,816,088,489
Raw materials - in transit	406,120,558	426,514,407
Allowance for inventory obsolescence	(38,010,449)	(47,245,319)
	5,505,929,165	4,195,357,577
	7,325,509,881	5,832,537,236

The cost of inventories recognized in cost of sales for the year ended December 31, 2021 amounted to P23,143,728,341 (2020 - P15,394,694,401; 2019 - P15,417,969,360) (Note 14).

Movements in the allowance for inventory obsolescence for the years ended December 31 are as follows:

	2021	2020	2019
Beginning of year	73,939,286	22,330,406	11,240,493
(Reversal) provision	(10,497,746)	51,608,880	11,089,913
End of year	63,441,540	73,939,286	22,330,406

Reversal of allowance for inventory obsolescence was due to sale and usage of previously provided inventories.

5.1 Critical accounting estimate and judgment: Provision for inventory obsolescence

Allowance for inventory obsolescence is maintained at a level considered adequate to provide for potential loss on inventory items. The level of provision is based on past experience and other factors affecting the recoverability and obsolescence of inventory items. An evaluation of inventories, designed to identify potential charges to the provision, is performed on a continuous basis throughout the period. Management uses judgment based on the best available facts and circumstances, including but not limited to evaluation of individual inventory items' future recoverability and utilization. The amount and timing of recorded provision for inventory obsolescence for any period would therefore differ based on the judgments made. A change in provision for inventory obsolescence would impact the Group's recorded expenses and carrying value of inventories.

The carrying values of the inventories at the end of the reporting period and the amount and timing of recorded provision for any period could be materially affected by actual experience and changes in such judgments such as effect of product obsolescence, competition in the market and changes in prices of finished products and manufacturing costs.

Management believes that the allowance for inventory obsolescence as at December 31, 2021 and 2020 is adequate.

Note 6 - Prepayments and other current assets; other non-current assets

Prepayments and other current assets as at December 31 consist of:

	2021	2020
Input value-added tax (VAT)	2,271,611,720	1,779,776,903
Deposit to suppliers	646,130,144	654,226,028
Prepaid tax	967,152	1,513,324
Creditable withholding taxes (CWT)	124,865,261	6,168,774
Others	96,050,130	53,295,444
	3,139,624,407	2,494,980,473

Input VAT

The Group's total input VAT, net of output VAT as at December 31 consist of:

	2021	2020
Current portion		
Carry-over claimable against output VAT	1,871,849,607	1,303,020,029
Tax credit claim (a)	379,268,542	460,896,270
Deferred input VAT (b)	20,493,571	15,860,604
	2,271,611,720	1,779,776,903
Non-current portion - carry-over claimable against output VAT	740,470,901	265,170,260
	3,012,082,621	2,044,947,163

The Group charged unrecoverable inventory-related input taxes amounting to P76,788,485 within cost of sales for the year ended December 31, 2021 (2020 - P75,460,707; 2019 - nil) (Note 14). The Group reclassified such unrecovered input taxes from general and administrative expenses to cost of sales in 2020 to align with the current year presentation. Comparative and the third balance sheets were not presented since the reclassification did not affect profit and loss, equity and cash flows presented in 2020.

(a) Tax credit claim

Tax credit claim pertains to excess input VAT from zero-rated sales claimed by the Group for refund.

Movements in tax credit claim for the years ended December 31 are as follows:

	Note	2021	2020
Beginning balance		460,896,270	441,777,323
Filed for refund		-	379,268,541
Approved claims with tax credit certificates		-	(284,688,887)
Reversal of allowance		(4,839,243)	-
Expensed	14	(76,788,485)	(75,460,707)
Ending balance		379,268,542	460,896,270

(b) Deferred input VAT

Deferred input VAT pertains to input VAT charged on services which is claimable upon payment of related liabilities and input VAT from purchase of capital goods which is subject to amortization.

Deposits to suppliers

Deposits to suppliers are payments made in advance for goods and services have not yet been received or incurred. It will be derecognized when goods or services are received.

Prepaid taxes

Prepaid taxes as at December 31, 2021 and 2020 mainly pertain to actual tax credit certificates (TCC) issued by the Bureau of Internal Revenue (BIR) in favor of the Group relating to filed application claims to convert excess input VAT into TCC. The TCC may be applied to future income tax liabilities.

Movements in prepaid taxes for the years ended December 31 are as follows:

	2021	2020
Beginning balance	1,513,324	74,682,126
Approved claims with tax credit certificates	-	284,688,887
Applied against income tax liabilities	(546,172)	(357,857,689)
Ending balance	967,152	1,513,324

CWT

CWT pertains to taxes withheld from income payments made to the Group and are creditable against future income tax payable.

Other non-current assets as at December 31 consist of:

	2021	2020
Advances to contractors	870,810,355	337,409,896
Input VAT	740,470,901	265,170,260
CWT	345,096,320	437,958,718
Refundable deposits	106,459,514	39,190,570
Prepaid licenses	-	34,179,349
Others	40,952,129	14,524,326
	2,103,789,219	1,128,433,119

As at December 31, 2021, the Group has reviewed the expected utilization of its input VAT and CWT, and accordingly classified input VAT and CWT amounting to P740,470,901 and P345,096,320, respectively, to non-current assets (2020 - P265,170,260 and P437,958,718, respectively).

Advances to contractors are related to construction in progress. These are presented within investing activities in the statements of cash flow.

6.1 Critical accounting judgment: Recoverability of input VAT

Provision for impairment of input VAT is maintained at a level considered adequate to provide for recoverable claims or refund from excess input VAT. An evaluation of the tax credit claims from input VAT designed to identify potential charges to the provision, is performed on a continuous basis throughout the period. Management uses judgment based on the best available facts and circumstances, including but not limited to the evaluation of the aggregate tax credit future utilization, completeness of supporting documents and actual refund experiences with similar claims. Changes in those judgments could have a significant effect on the net amount of input VAT and the timing of recorded provision for any period.

On September 28, 2020, CTI received a letter of denial from the BIR related to the claim for VAT refund covering 2018 transactions amounting to P379,268,541. The denial of the claim is based on BIR's interpretation that sale of biofuels constitutes sale of services, hence, official receipts, not invoices should have been submitted to support the claims. CTI has submitted a petition for review with the Court of Tax Appeals (CTA) within the time prescribed in the denial letter. As of the issuance date of the financial statements, the case is still pending with the CTA. CTI believes that claim is supported by sufficient documentary evidence and strong legal basis under the tax code. Consequently, management believes that the claims will be recovered.

Management has assessed that the carrying amount of input VAT as at December 31, 2021 and 2020 is recoverable based on management forecasts, strong legal basis and compliant supporting documents.

6.2 Critical accounting judgment: Recoverability of CWT

The Group recognizes CWT to the extent that it is probable that future tax liabilities will be available against which tax credits can be utilized. Determining the realizability and classification of CWT requires the assessment of the availability and timing of future taxable profit expected to be generated from the operations.

Significant judgment is required in determining the realizability of CWT. CWT arise mainly from the Parent Company's management and support services to its affiliates. Management believes based on long term forecasts that the Group would be able to generate sufficient taxable income and future tax liabilities against which the CWT can be fully applied.

Based on management's assessment and judgment, no allowance for unrecoverable CWT is necessary to be recognized as of December 31, 2021 and 2020 as there are no indications of impairment or changes in circumstances indicating that the CWT may not be fully recoverable.

Note 7 - Investments in equity securities at FVOCI

As at December 31, 2021, investments in equity securities at FVOCI pertains to investment in shares of stock of a listed company and proprietary golf club share amounted to P198,000,979 (2020 - P182,248,820).

For the year ended December 31, 2021, fair value changes net of deferred income tax, amounted to P11,722,405 (2020 - nil, 2019 - P18,224,374).

For the year ended December 31, 2021, dividend income from these investments amounted to P64,449 (2020 - P77,312; 2019 - P141,751).

Note 8 - Property, plant and equipment, net

Property, plant and equipment, net as at December 31 consist of:

	Building and leasehold improvements	Transportation and delivery equipment	Office, furniture and fixtures	Tools, machinery and equipment	Construction in progress	Total
At January 1, 2020						
Cost	1,012,761,544	216,840,086	467,752,817	4,646,155,565	1,583,701,486	7,927,211,498
Accumulated depreciation and amortization	(316,581,523)	(153,839,531)	(331,792,663)	(3,118,194,074)	-	(3,920,407,791)
Net carrying value	696,180,021	63,000,555	135,960,154	1,527,961,491	1,583,701,486	4,006,803,707
For the year ended December 31, 2020						
Opening net carrying value	696,180,021	63,000,555	135,960,154	1,527,961,491	1,583,701,486	4,006,803,707
Additions	352,095	1,141,071	15,615,327	38,044,191	2,065,762,325	2,120,915,009
Transfers	18,390,635	-	3,812,996	278,180,888	(300,384,519)	-
Depreciation and amortization	(34,123,424)	(20,188,252)	(51,807,361)	(327,737,302)	-	(433,856,339)
Closing net carrying value	680,799,327	43,953,374	103,581,116	1,516,449,268	3,349,079,292	5,693,862,377
At December 31, 2020						
Cost	1,031,504,274	217,981,157	487,181,140	4,962,380,644	3,349,079,292	10,048,126,507
Accumulated depreciation and amortization	(350,704,947)	(174,027,783)	(383,600,024)	(3,445,931,376)	-	(4,354,264,130)
Net carrying value	680,799,327	43,953,374	103,581,116	1,516,449,268	3,349,079,292	5,693,862,377
For the year ended December 31, 2021						
Opening net carrying value	680,799,327	43,953,374	103,581,116	1,516,449,268	3,349,079,292	5,693,862,377
Additions	-	3,242,500	8,153,566	25,416,173	3,105,168,336	3,141,980,575
Disposals						
Cost	-	(3,869,551)	-	-	(110,616)	(3,980,167)
Accumulated depreciation	-	3,869,551	-	-	-	3,869,551
Transfers	3,236,593	8,858,036	17,838,427	95,461,685	(125,394,741)	-
Depreciation and amortization	(32,736,509)	(13,599,820)	(50,986,093)	(306,928,521)	-	(404,250,943)
Closing net carrying value	651,299,411	42,454,090	78,587,016	1,330,398,605	6,328,742,271	8,431,481,393
At December 31, 2021						
Cost	1,034,740,867	226,212,142	513,173,133	5,083,258,502	6,328,742,271	13,186,126,915
Accumulated depreciation and amortization	(383,441,456)	(183,758,052)	(434,586,117)	(3,752,859,897)	-	(4,754,645,522)
Net carrying value	651,299,411	42,454,090	78,587,016	1,330,398,605	6,328,742,271	8,431,481,393

Construction in progress represents building, leasehold improvements, various plant developments and machineries and equipment that will be used in operations.

Transfers represent reclassification of completed construction in progress to the appropriate class of property, plant and equipment.

Depreciation and amortization are charged for the years ended December 31 are as follows:

	Notes	2021	2020	2019
Depreciation		404,250,943	433,856,339	403,635,338
Amortization of ROU	9	303,192,020	234,320,732	185,703,867
		707,442,963	668,177,071	589,339,205
Cost of sales	14	681,341,301	641,481,344	567,755,677
Cost of services	14	10,916,317	11,628,435	9,555,266
General and administrative expenses	16	15,185,345	15,067,292	12,028,262
		707,442,963	668,177,071	589,339,205

8.1 Critical accounting estimate: Useful life of property, plant and equipment

The useful life of each of the Group's property, plant and equipment is estimated based on the period over which these assets are expected to be available for use. Such estimation is based on a collective assessment of internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A change in the estimated useful life of any property, plant and equipment would impact the recorded depreciation expense and carrying value of property, plant and equipment.

Note 9 - Leases

The Group leases various office space, warehouse, and equipment for its back office and manufacturing operations.

The lease agreements do not require any covenants other than the security deposits in the leased assets that are held by the lessor.

(i) Amounts recognized in the consolidated statements of financial position

Leased assets are presented as a separate line item in the statement of financial position. The statements of financial position show the following amounts relating to leases:

	2021	2020
Right-of-use assets		
Office space	24,881,608	29,765,141
Warehouse	357,771,852	74,054,819
	382,653,460	103,819,960
Lease liabilities		
Current	163,757,878	76,991,919
Non-current	236,951,645	33,650,017
	400,709,523	110,641,936

Among lease liabilities, P360,618,011 is pertaining to related party (2020 - P97,672,738) (Note 18).

Movements in the right-of-use assets are presented below:

	2021	2020
Beginning balance	103,819,960	228,703,438
Additions during the year	583,027,612	116,658,249
Lease modification	(1,002,092)	(7,220,995)
Amortization	(303,192,020)	(234,320,732)
Ending balance	382,653,460	103,819,960

Movements in lease liabilities are presented below:

				Non-cash changes		
	Beginning balance	Principal and interest payments	Additions during the year	Lease modification	Interest expense	Ending balance
2021	110,641,936	(310,882,708)	583,027,612	(1,002,092)	18,924,775	400,709,523
2020	246,070,044	(258,387,747)	116,658,249	(7,220,995)	13,522,385	110,641,936

Lease modification represents discount provided by the lessor to the Company in consideration of the ongoing COVID-19 pandemic. The Group has elected to account for the rent concession as a lease modification.

(ii) Amounts recognized in the consolidated statements of total comprehensive income

The statements of total comprehensive income show the following amounts relating to leases:

	2021	2020
Amortization of ROU (Note 8)		
Office space	118,508,936	53,476,364
Warehouse	153,334,254	166,764,427
Equipment	31,348,830	14,079,941
	303,192,020	234,320,732
Interest expense (included in interest expense)	18,924,775	13,522,385
Expense relating to short-term leases (included in cost of goods sold and operating expenses)	108,726,056	50,434,209
	430,842,851	298,277,326

The total cash outflows for leases for the year ended December 31, 2021 is P419,608,764 (2020 - P308,821,956).

(iii) Discount rate

Payments for leases of properties and equipment are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

(iv) Lease term

The lease term applied in the calculation of right-of-use assets and lease liabilities are based on the contractual agreements of the Group with the lessor. There were no extension options applied in the calculation.

Note 10 - Trade payables and other liabilities

Trade payables and other liabilities as at December 31 consist of:

	Note	2021	2020
Trade payables		2,544,954,000	1,735,964,616
Accrued operating expenses		252,518,811	106,409,942
Due to regulatory agencies		66,930,860	56,088,624
Accrued interest expense	11	32,256,183	25,639,788
Advances from customers		493,426	479,186
Others		822,663	2,560,049
		2,897,975,943	1,927,142,205

Trade payables mainly pertain to purchases of inventories, repairs and maintenance and supplies. These are unsecured and non-interest bearing payable within six months.

Accrued operating expenses mainly pertain to contracted services of manpower providers for manufacturing operations. These are unsecured and non-interest bearing.

Due to regulatory agencies consists of VAT payable, expanded withholding tax payable and withholding tax payable on compensation as at December 31, 2021 and 2020.

Note 11 - Borrowings; Bonds payable

(a) Borrowings

As at December 31, 2021 and 2020, the Group has outstanding short-term borrowings amounting to P8,650,000,000 and P5,150,000,000 from local banks and a branch of a foreign bank, with maturity dates ranging from one to eleven months from reporting date. These borrowings bear interest rates ranging from 1.95% to 2.00%.

On December 13, 2021, the Group also has an outstanding one-month unsecured short-cycle cash transfers from Immediate Parent Company amounting to P200,000,000 (Note 18).

As at December 31, 2021 and 2020, all outstanding external short term borrowings of the Group are covered by surety and corporate guarantee agreements discussed in Note 18.4.

(b) Bonds payable

On March 15, 2021, the Board of Directors authorized the offer and issuance of the bonds in an aggregate principal amount of P3,000,000,000 with an oversubscription option of up to P2,000,000,000, for public distribution and sale in the Philippines.

On September 14, 2021, the Group issued P5,000,000,000 fixed rate bonds. The amount comprises P3,000,000,000 ("Series A" bonds) and P2,000,000,000 ("Series B" bonds) fixed rate bonds due in 2024 and 2026, with interest rate of 2.79% and 3.60%, respectively. The net proceeds of the issue were used for the purpose of financing the ongoing construction of the manufacturing plant in Batangas presented in property, plant and equipment (Note 8) and partially repay bridge loans and its interest costs drawn by the Group to fund capital expenditure. Any excess amounts will be used for general corporate purposes as indicated in the prospectus.

The bonds may be redeemed by the Group in whole, but not in part only, on their respective maturity dates. However, the Series B bonds may be redeemed by the Group starting two years before maturity date and on the anniversary thereafter at a price equal to 101.00% and 100.50%, respectively, of the principal amount of the bonds and all accrued interest to the date of the redemption.

The carrying amount of the bonds as of December 31, 2021 are as follows:

Face amount	5,000,000,000
Debt issuance cost	(65,126,939)
Net proceeds	4,934,873,061
Amortization of debt issuance cost for the year	5,132,581
	4,940,005,642

The movements in the Group's borrowings and the net debt reconciliation for the years ended December 31 are as follows:

	2021	2020	2019
Beginning of year	5,150,000,000	3,400,000,000	3,400,000,000
Availment of borrowings	4,700,000,000	5,750,000,000	2,100,000,000
Repayment of borrowings	(1,000,000,000)	(4,000,000,000)	(2,100,000,000)
Issuance of bonds	4,940,005,642	-	-
End of year	13,790,005,642	5,150,000,000	3,400,000,000
Cash at end of year	(5,223,083,857)	(2,136,611,930)	(1,989,650,111)
Net debt	8,566,921,785	3,013,388,070	1,410,349,889

Interest expense related to borrowings and bonds for the year ended December 31, 2021 amounted to P141,630,292 (2020 - P140,779,512; 2019 - P193,259,592). Accrued interest expense presented under trade payables and other liabilities amounted to P32,256,183 (2020 - P25,639,788) (Note 10). Movement of accrued interest expense are as follows:

	2021	2020	2019
Beginning of year	25,639,788	5,150,684	5,150,684
Expense	122,706,517	140,779,512	193,259,592
Capitalized borrowing cost	82,225,356	19,402,083	-
Amortization of bond issuance cost	(5,132,581)	-	-
Payment	(193,182,897)	(139,692,491)	(193,259,592)
End of year	32,256,183	25,639,788	5,150,684

The Group capitalized borrowing cost using a capitalization rate of 3.1% for the year ended December 31, 2021 (2020 - 5.25%).

There are no significant covenant provisions and warranties, including breaches thereof, related to these borrowings other than surety and corporate guarantee as disclosed in Note 18.4.

Note 12 - Equity

12.1 Share capital and share premium

Details of share capital and share premium as at December 31, 2021 and 2020 are as follows:

	Number of shares	Amount
Share capital		
Common shares at P1 par value per share		
Authorized	18,000,000,000	18,000,000,000
Issued and outstanding	7,142,857,990	7,142,857,990
Share premium	3,255,166,445	3,255,166,445

The Parent Company undertook a public offering of its common shares on December 12, 2012 (Note 1), in which the Parent Company issued 1 billion additional shares at P4.30 per share for a total consideration of P4.3 billion, net of share issuance costs of P280.5 million. As a result of the public offering, share premium amounting to P3.3 billion has been recognized by the Parent Company as at December 31, 2012.

On November 5, 2013, which is also the date of approval by the SEC, the Parent Company registered its shares under the SRC with an issue/offer price of P4.30.

As at December 31, 2021 and 2020, the Parent Company's record of registration of its securities under the SRC reported 7,142,857,990 shares registered.

On May 11, 2015, the Parent Company's BOD, through an amendment of the Parent Company's Articles of Incorporation, resolved to increase its authorized share capital from four billion pesos (P4,000,000,000) divided into four billion (4,000,000,000) common shares with a par value of P1.00 each to eighteen billion pesos (P18,000,000,000) divided into eighteen billion (18,000,000,000) common shares with a par value of P1.00 each. The amendment was approved and ratified by the Parent Company's stockholders during the annual stockholders meeting on June 8, 2015. The SEC approved the increase in authorized share capital on July 24, 2015.

12.2 Dividend declaration

Stock dividends

On May 11, 2015, the Parent Company's BOD approved the declaration of 100% stock dividends amounting to P3,571,428,995 (P1 per share) out of the unrestricted retained earnings of the Parent Company as at March 31, 2015 to be issued out of the increase in authorized share capital to all shareholders as at a record date set by the SEC after approval of the increase in the Parent Company's authorized capital stock. Following the approval by the SEC of Parent Company's increase in authorized capital stock, the Parent Company set the Record Date on August 20, 2015, and the issue and listing date on September 17, 2015.

PSE approved the issue and listing of the additional shares on September 17, 2015.

Cash dividends

The Parent Company's BOD declared, and paid cash dividends as follows:

Declaration date	Payment date	Dividend rate per share	Amount
June 7, 2021	July 15, 2021	P0.191 per share (consisting of P0.141 regular cash dividend and P0.050 special cash dividend)	1,364,285,876
September 8, 2020	October 28, 2020	P0.183 per share (regular cash dividend)	1,307,143,012
June 26, 2019	July 19, 2019 July 22, 2019 July 30, 2019 August 14, 2019	P0.286 per share (consisting of P0.223 regular cash dividend and P0.063 special cash dividend)	2,042,857,385

12.3 Appropriation of retained earnings

On December 20, 2017, the BOD of CTI approved the appropriation of retained earnings amounting to P500,000,000 for additional investments needed for plant expansion of CTI and its subsidiaries which is expected to be completed in 2023.

Reacquisition of shares held by non-controlling interest

On October 9, 2017, CTI reacquired its own shares for a total consideration amounting to P24,083,269. As a result of this reacquisition, D&L owns 100% of the issued and outstanding shares of CTI as at December 31, 2017.

12.4 Earnings per share calculation

The calculation of earnings per share as at December 31 is as follows:

	2021	2020	2019
Profit for the year attributable to the owners of the Parent Company	2,642,697,244	2,011,664,631	2,619,982,332
Weighted average number of common shares	7,142,857,990	7,142,857,990	7,142,857,990
Basic and diluted earnings per share	0.37	0.28	0.37

The Parent Company has no potential dilutive ordinary shares. Therefore, the amount reported for basic and diluted earnings per share is the same.

Note 13 - Revenues from contracts with customers

For the years ended December 31, revenues consist of the following:

	2021	2020	2019
Sale of goods, gross	30,876,190,176	21,745,872,880	22,505,750,378
Sales discounts	(85,387,060)	(63,444,872)	(140,717,237)
Sales returns	(35,705,114)	(9,901,932)	(36,890,538)
Sale of goods, net	30,755,098,002	21,672,526,076	22,328,142,603
Sale of services	100,162,560	66,481,870	57,635,161
	30,855,260,562	21,739,007,946	22,385,777,764

Details of segment revenues are presented on Note 2 - Segment reporting.

Note 14 - Cost of sales and services

The components of cost of sales and services for the years ended December 31 consist of:

	Notes	2021	2020	2019
Raw materials used	5	23,326,129,398	15,676,576,884	15,187,917,527
Net change in inventories	5	(182,401,057)	(281,882,483)	230,051,833
Direct labor		316,592,506	69,783,868	62,937,366
Overhead				
Depreciation and amortization	8	681,341,301	641,481,344	567,755,677
Contracted services		521,031,844	536,006,308	550,136,961
Repairs and maintenance		336,796,701	165,775,970	150,258,969
Fuels and oil		284,900,568	236,932,365	255,249,832
Utilities		259,244,248	226,027,172	245,639,111
Indirect labor		199,087,581	165,364,329	173,537,325
Supplies		122,874,028	100,652,000	62,048,814
Rental	9	106,446,523	50,165,334	97,908,499
Indirect materials used		83,597,751	38,280,048	43,176,661
Input VAT not recovered	6	76,788,485	75,460,707	-
Other direct costs		72,360,484	55,815,771	33,013,130
Cost of sales		26,204,790,361	17,756,439,617	17,659,631,705
Employee costs		41,043,686	31,632,897	24,355,450
Depreciation and amortization	8	10,916,317	11,628,435	9,555,266
Supplies		7,327,589	5,400,293	4,058,087
Contracted services		7,239,271	5,491,729	4,403,102
Repairs and maintenance		3,090,757	2,857,288	2,659,627
Utilities		3,079,223	1,933,269	1,552,191
Rental	9	2,279,533	268,875	1,754,828
Others		10,775,982	5,576,942	4,020,779
Cost of services		85,752,358	64,789,728	52,359,330
		26,290,542,719	17,821,229,345	17,711,991,035

Note 15 - Selling and marketing expenses

The components of selling and marketing expenses for the years ended December 31 consist of:

	2021	2020	2019
Delivery charges	603,768,333	469,377,561	487,706,273
Employee costs	197,425,228	165,282,162	164,301,399
Representation expenses	32,795,564	25,812,298	31,581,915
Transportation and travel	13,854,057	13,798,542	42,181,008
Advertising and promotion	11,550,562	9,066,360	13,277,364
Others	233,033	84,401	831,713
	859,626,777	683,421,324	739,879,672

Note 16 - General and administrative expenses

The components of general and administrative expenses for the years ended December 31 consist of:

	Notes	2021	2020	2019
Taxes and licenses		216,306,856	178,682,043	182,013,128
Contracted services		80,066,684	84,136,229	86,501,626
Bank charges		28,463,178	21,390,967	26,212,017
Professional fees		21,247,714	13,134,057	21,118,030
Donations and contributions		20,875,388	26,420,812	31,953,637
Depreciation and amortization		15,185,345	15,067,292	12,028,262
Supplies		12,024,609	4,520,277	6,790,833
Communications		10,894,535	9,783,995	12,531,808
Provision (recovery) for impairment of receivables	4	10,645,576	57,053,157	(2,958,136)
Repairs and maintenance		8,868,280	4,911,914	8,380,967
Membership dues		8,655,054	10,526,600	3,319,552
Transportation and travel		308,877	158,027	372,517
Loss on write-off of receivables	4	-	-	611,931
Miscellaneous		11,444,650	13,092,597	10,722,091
		444,986,746	438,877,967	399,598,263

Note 17 - Other income (expense), net

The components of other income (expense), net for the years ended December 31 consist of:

	Notes	2021	2020	2019
Foreign exchange gain (loss), net	22.4	63,594,366	(122,415,203)	(51,980,313)
Unrealized gain on FVPL		22,818,740	15,466,321	4,030,256
Commission income		5,833,786	4,233,485	3,000,000
Interest income	3	5,394,857	3,305,612	4,664,531
Freight income		2,844,091	13,340,304	8,171,942
Dividend income	7	64,449	77,312	141,751
Realized gain on redemption of FVPL		-	-	2,493,638
Loss on disposal of property and equipment		-	-	(2,020,045)
Miscellaneous		821,314	599,567	6,212,608
		101,371,603	(85,392,602)	(25,285,632)

Miscellaneous income for the year ended December 31, 2019 includes collection of written off accounts receivable and write-off of long outstanding unidentified payables.

Note 18 - Related party transactions and balances

The Group, in the ordinary course of business, has transactions with related parties. Significant related party transactions and related balances include the following:

For the years ended December 31:

	Transactions			Due from related parties		
	2021	2020	2019	2021	2020	Terms and conditions
(a) Management service fees (18.1)						
Entities under common control - Trade	7,281,766	11,941,430	10,301,437	501,614	997,563	The fee for management services is equivalent to 0.25% (2020 - 0.50%) of the net receipts from operations, and 0.25% (2020 - 0.50%) of gross profit, excluding related party transactions. Outstanding receivables are unsecured, unguaranteed, non-interest bearing, collectible in cash at net amount, due 30 to 60 days after billing date, which is raised on a monthly basis.
(b) Shared service fees (18.2)						
Entities under common control - Trade	92,880,794	54,540,440	47,333,724	7,406,238	5,170,170	The fee for shared services ranges from 2.00% to 3.35% (2020 - 1.50% to 2.50%) of the net receipts from operations, and 3.25% to 3.85% (2020 - 3.00%) of gross profit, excluding related party transactions. Outstanding receivables are unsecured, unguaranteed, non-interest bearing, collectible in cash at net amount, due 30 to 60 days after billing date, which is raised on a monthly basis.
(c) Sale of goods and services						
Entities under common control - Trade	560,183,140	536,080,696	487,311,109	100,778,935	38,560,589	Sale of goods and services are negotiated with related parties at a margin. These receivables are unsecured, unguaranteed, non-interest bearing, collectible in cash at net amount, due 30 to 60 days after transaction date.
Totals	660,345,700	602,562,566	544,946,270	108,686,787	44,728,322	

	Transactions			Due to related parties		
	2021	2020	2019	2021	2020	Terms and conditions
(d) Rental expenses						
Entities under common control	(108,726,056)	(50,434,209)	(36,908,615)	(14,432,578)	-	Lease rental are based on contracts mutually agreed by the parties. These payables are unsecured, unguaranteed, non-interest bearing, settled in cash at net amount, due 30 to 60 days after transaction date.
(e) Purchase of goods						
Entities under common control - Trade	(202,456,809)	(238,713,140)	(4,711,452)	(26,230,482)	(21,281,272)	Purchases of goods are negotiated with related parties on a cost-plus basis. These payables are unsecured, unguaranteed, non-interest bearing, settled in cash at net amount, due 30 to 60 days after transaction date.
	(311,182,865)	(289,147,349)	(41,620,067)	(40,663,060)	(21,281,272)	
(f) Short-cycle cash transfers (Note 11)						
Immediate Parent Company	(200,000,000)	(800,000,000)	(200,000,000)	(200,000,000)	-	The Group has an unsecured short-cycle cash transfer from JHI as part of the Group's cash management agreement. Term is generally less than three months.
(g) Long-term loan payable						
Immediate Parent Company	-	(300,000,000)	-	-	(300,000,000)	DLPF entered into a 5.25% long-term unsecured interest bearing loans with JHI maturing on June 2023.
(h) Interest payable						
Immediate Parent Company	(8,586,986)	(3,794,521)	-	-	(3,794,521)	Accrued interest payable for loan agreements entered into by DLPF.
Totals	(519,769,851)	(1,385,352,828)	(241,620,067)	(240,663,060)	(325,075,793)	

	Transactions			Outstanding balances		
	2021	2020	2019	2021	2020	Terms and conditions
(i) Initial recognition of lease liabilities						
Entities under common control	502,100,302	100,017,122	411,821,260	360,618,011	97,672,738	The Group obtained a right of use assets and recognized lease liabilities through lease contracts with a related party.
(j) Interest from lease liabilities						
Entities under common control	14,757,878	1,782,403	22,980,386	-	-	Lease payments are based on rate mutually agreed by the parties and are payable on a monthly basis. Refer further to Note 18.3 for details.
Totals	516,858,180	101,799,525	434,801,646	360,618,011	97,672,738	

The long-term loans from Immediate Parent Company is presented under financing activities in the statements of cash flows consistent with the financing management of the Group.

There was no offsetting done for due from related parties and due to related parties as at December 31, 2021 and 2020.

There are no provisions for impairment recognized against due from related parties.

There are no collaterals held or guarantees issued, except as disclosed under surety and corporate guarantee agreements, with respect to related party transactions and balances.

The Group has an approved Material Related Party Transactions policy that sets forth the required thresholds for approval for related party transactions as part of the Group's corporate governance policy.

18.1 Management services

The Parent Company has a management agreement with its related parties for its provision of general management services and facilities, including necessary managerial expertise and skills.
The consideration for the management services are based on net receipts from operations, excluding related party transactions.

18.2 Shared services

The Parent Company has a service agreement with its related parties whereby the Parent Company shall provide shared services such as asset management, production and manufacturing support, procurement, logistics and back-office support, among others. The consideration for the shared services are based on net receipts from operations, excluding related party transactions. The agreement shall remain in force unless terminated by both parties.

18.3 Lease agreements

D&L

D&L has existing operating lease agreement with LBL Prime Properties, Inc. (LBL) whereby D&L leases from LBL its office space. The lease is for a period of five years starting July 1, 2007 and renewable for another five years thereafter, unless terminated by either party. The lease agreement was renewed for another three years beginning January 1, 2018. Upon its expiration, it was then subsequently renewed for a period of two years.

CTI

CTI has an existing operating lease agreement with LBL covering its factory and warehouse spaces. The lease runs for a period of one year until December 31, 2021 and is subject to a renewal every year and to a five percent annual escalation rate. The lease runs for a period of one year and renewable per assessment of the Company at the end of the lease term.

CPSI

CPSI has cancellable operating lease agreements with LBL covering the latter's factory and warehouse spaces. In 2021, the agreements were renewed, and the lease terms were extended until December 31, 2021 and December 31, 2025. The 5-year lease is subject to five percent annual escalation rate starting January 1, 2022.

OFI

OFI has existing operating lease agreements with LBL covering its factory and warehouse spaces. The lease runs for a period of five years until November 1, 2021 and shall be renewable under terms and conditions mutually agreed upon by both parties, unless terminated or renewed.

Subsequently, OFI entered into operating lease agreements with LBL covering its factory and warehouse spaces. The leases run for a period of three (3) years until December 31, 2023 and are subject to five percent annual escalation rate. Leases shall be renewable upon such terms and conditions as may be mutually agreed upon.

OFI also has existing operating lease agreement with FIC Tankers Corporation (FICT), an entity under common control, for the use of the latter's storage tanks. The agreement remains in force unless terminated by the parties.

API

API has various office and warehouse spaces for its manufacturing operations with LBL, an entity under common control, covering its factory and warehouse spaces. The lease runs for a period of five years until December 31, 2025 and is subject to five percent annual escalation rate.

FIC

The Company has a lease agreement with LBL Land Corporation (LLC), an entity under common control, for the latter's plant and warehouse in Quezon City. The term of the lease agreement commenced on January 1, 2016, subject to annual escalation rate of 5%. The agreement is for a period of five years until December 31, 2020, renewable upon mutual agreement with the lessor. Subsequently, it was renewed for another year and accounted for as an operating lease agreement under a new contract on January 8, 2021 which has commenced retroactively from January 1, 2021.

DLPCI

DLPCI has existing operating lease agreements with Ecozone Properties, Inc. (EPI), an entity under common control, covering the lease of the latter's land and warehouse for a period of five years until December 31, 2019. The lease agreements are renewable under such terms and conditions which may be mutually agreed upon, unless terminated or renewed. Upon its expiration, it was then subsequently renewed for a period of 2 years last January 8, 2021, which shall commence retroactively from January 1, 2020 to December 31, 2021.

18.4 Surety agreement and corporate guarantee

The Parent Company and its subsidiaries (namely, FIC, DLPCI, API, CTI, CPSI, NAC, OFI and DLPF) have an existing agreement to provide surety for the obligations and indebtedness incurred or may be incurred by all aforementioned parties arising from short-term and long-term borrowings.

Pursuant to the agreement above, the participating related parties are solidarily liable for the payment of the underlying outstanding borrowings.

As at December 31, 2021 and 2020, there was no default from the borrowings covered by above surety agreements and corporate guarantee.

The surety agreement and corporate guarantee shall remain in full force and shall be effective unless otherwise terminated by the parties involve.

Key management compensation

Key management compensation for the years ended December 31 consist of:

	Terms	2021	2020	2019
Salaries and wages	Key management compensation covering	213,603,932	194,616,940	167,750,623
Other short-term employee benefits	salaries and wages and other short-term benefits are determined based on contract of employment and payable in accordance with the Group's payroll period. These were fully paid as at reporting date.	12,235,322	11,325,176	8,978,346
Retirement benefits	Retirement benefits are determined and payable in accordance with policies disclosed in Notes 19 and 23.22.	39,812,011	23,247,199	20,628,547
		265,651,265	229,189,315	197,357,516

The Group has not provided share-based payments, termination benefits or other long-term benefits, other than the retirement benefits, to its key management employees for the years ended December 31, 2021, 2020 and 2019.

As at December 31, 2021, advances to officers amounting to P3,730,272 (2020 - P1,525,284) represent advances granted to officers and employees (Note 4). These are unsecured and non-interest-bearing advances, subject to liquidation and/or collectible through salary deduction and expected to be settled in cash within the next twelve months from reporting date.

Other related party transactions for the years ended December 31 also include transfer of employees affecting retirement obligations and contributions, and investment in shares of stock of the Parent Company by the retirement fund (Note 19) amounting to P128,183,297 (2020 - P104,445,649; 2019 - P128,861,515).

18.5 Amounts receivable and payable from related parties which are eliminated during consolidation of financial statements

The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements:

	2021	2020
As at December 31		
Investment in subsidiaries	11,022,192,481	11,022,192,481
Due to / from related parties	5,298,003,004	1,264,522,396
For the year ended December 31		
Service income	567,135,753	408,388,890
Revenue / Cost of sales	379,032,427	360,068,807
Other expense, net	279,862,537	353,215,224
Dividend income	1,424,826,183	1,370,861,637

There are no unrealized profits on intercompany sale of goods.

Note 19 - Retirement plan

The Group maintains a non-contributory defined benefit retirement plan for the benefit of its regular employees. The normal retirement age is 60. Normal retirement benefit is equal to three-fourth month salary as of date of retirement multiplied by retiree's years of service. Three-fourth month salary is equivalent to 22.5 days basic salary, cash equivalent of 5-day vacation leaves, and one-twelfth (1/12) of the 13th month pay. Actuarial valuation is performed by an independent actuary on an annual basis.

The Group has plan assets, a group-administered fund, under the D&L Group of Companies Employees' Retirement Plan (the "Group Retirement Plan") that share risks and returns between various entities under common control within JHI. Plan assets are handled by a trustee bank, governed by local regulations and practices and approved policies and procedures by the Board of Trustees. As at December 31, 2021, the Group's equity in the fund amounted to P303,871,646 (2020 - P273,087,060) in the Group Retirement Plan based on the fund balance report of the trustee (using the Group's contribution to the plan asset and cumulative yield at balance sheet date).

Net defined benefit cost and contributions are allocated to the participating entities in the Group Retirement Plan on the basis of retirement benefit expense and obligation attributable to each of the participating entities.

Retirement benefit obligation recognized in the consolidated statements of financial position as at December 31 are determined as follows:

	2021	2020
Present value of funded obligation	350,364,539	341,126,148
Fair value of plan assets	(303,871,646)	(273,087,060)
	46,492,893	68,039,088

The movements in the defined benefit obligation for the years ended December 31 are as follows:

	2021	2020
Beginning of year	341,126,148	310,805,066
Current service cost	35,053,759	31,932,652
Interest cost	12,643,691	15,425,231
Benefits paid	(11,475,631)	(22,947,053)
Transfers from affiliates	93,509	2,074,838
Remeasurement (gain) loss	(27,076,937)	3,835,414
End of year	350,364,539	341,126,148

Transfer to the Group pertains to retirement obligation transferred to related parties due to allocation of retirement obligation based on actual number of employees.

The movements in the fair value of plan assets for the years ended December 31 are as follows:

	2021	2020
Beginning of the year	273,087,060	337,372,299
Benefits paid	(11,475,631)	(22,947,053)
Actual return on plan assets		
Interest income	9,973,366	16,672,542
Remeasurement gain (loss)	32,286,851	(58,010,728)
	42,260,217	(41,338,186)
End of the year	303,871,646	273,087,060

Retirement benefit expense recognized in profit or loss for the years ended December 31 are as follows:

	2021	2020	2019
Current service cost	35,053,759	31,932,652	22,865,806
Net interest cost (income)	2,670,325	(1,247,311)	(7,404,809)
	37,724,084	30,685,341	15,460,997

Retirement benefit expenses is included as part of employee costs as follows:

	2021	2020	2019
Cost of sales	25,060,062	21,058,013	10,531,881
Cost of services	2,241,674	1,551,061	1,077,897
Selling and marketing expenses	8,725,388	6,696,891	3,153,580
General and administrative expenses	1,696,960	1,379,376	697,639
	37,724,084	30,685,341	15,460,997

Remeasurement gain (loss), net of tax recognized in other comprehensive income for the years ended December 31 are as follows:

	2021	2020	2019
Remeasurement gain (loss)			
On defined benefit obligation due to change in financial assumption	32,113,945	(11,834,770)	(45,162,346)
On defined benefit obligation due to experience adjustment	(5,037,008)	7,999,356	(5,970,610)
On plan assets due to experience adjustment	32,286,851	(58,010,728)	(7,562,387)
Remeasurement gain (loss)	59,363,788	(61,846,142)	(58,695,343)
Deferred income tax	(11,489,612)	12,198,471	10,664,158
	47,874,176	(49,647,671)	(48,031,185)

The movements in the retirement benefit obligation recognized in the consolidated statements of financial position as at December 31 are as follows:

	2021	2020
Beginning of year	(68,039,088)	26,567,233
Retirement benefit expense recorded in profit or loss	(37,724,084)	(30,685,341)
Remeasurement gain (loss) recognized in other comprehensive income	59,363,788	(61,846,142)
Transfer from affiliates	(93,509)	(2,074,838)
End of year	(46,492,893)	(68,039,088)

The Group Retirement Plan has net investments as at December 31 consisting of the following:

	2021		2020	
	Amount	Percentage	Amount	Percentage
Listed stocks	246,384,064	70.31%	234,031,913	69.97%
Treasury bonds and notes	82,257,760	23.47%	78,815,791	23.56%
Cash in banks	9,500,044	2.71%	4,517,902	1.35%
Mutual funds	6,444,490	1.84%	7,125,556	2.13%
Unit investment trust funds	5,350,470	1.53%	9,523,936	2.85%
Other receivables	845,366	0.24%	788,766	0.24%
Other payables	(362,522)	(0.10%)	(332,666)	(0.10%)
	350,419,672	100.00%	334,471,198	100.00%

The defined benefit plan typically exposes the participating entities to a number of risks such as investment risk and interest rate risk.

The participating entities believe that due to the long-term nature of the retirement liability, the mix of debt and equity securities holdings of the plan is an appropriate element of the long-term strategy to manage the plan efficiently. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in equities which include highly rated stocks, although there are also investments in treasury bonds and notes, mutual fund, and unit investment trust funds. The management believes that equities offer the best returns over the long term with an acceptable level of risk.

As at December 31, 2021, listed stocks include shares of stocks of the Parent Company amounting to P128,183,297 representing 0.19% interest in the Parent Company (2020 - P104,445,649; 0.19% interest). The voting rights over these shares are exercised by the trustee bank. The Group Retirement Plan recognized change in net value on these investments in listed stocks of the Parent Company for the year ended December 31, 2021 amounted to P23,737,648 (2020 - P21,452,539 change in net value).

The allocated share of the Group in the Retirement Plan as at December 31 is as follows:

	2021		2020	
	Amount	Percentage	Amount	Percentage
Listed stocks	213,655,616	70.31%	191,080,988	69.97%
Treasury bonds and notes	71,331,043	23.47%	64,351,050	23.56%
Cash in banks	8,238,105	2.71%	3,688,750	1.35%
Mutual funds	5,588,436	1.84%	5,817,832	2.13%
Unit investment trust funds	4,639,740	1.53%	7,776,047	2.85%
Other receivables	733,072	0.24%	644,007	0.24%
Other payables	(314,366)	(0.10%)	(271,614)	(0.10%)
	303,871,646	100.00%	273,087,060	100.00%

The principal annual actuarial assumptions used as at December 31 were as follows:

	2021	2020
Discount rate	4.80%-4.98%	3.21%-3.76%
Future salary increase rate	4.50%	4.00%

As at December 31, 2021, the average life expectancy in years of experience of a pensioner retiring at age 60 is 22 years for both male and female (2020 - 23 years).

Assumptions regarding future mortality experience are set based on advice from published statistics and experience.

As part of its funding policy, the Group follows the recommended contribution to the plan as determined by an independent actuary. The recommended contribution to the plan consists of the annual amortization of the excess fund plus the current service cost for the year. The expected contribution to retirement fund by December 31, 2022 is P31,823,291.

19.1 Critical accounting estimate: Retirement benefit obligation

The present value of the retirement benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for retirement benefit include the discount rate and future salary increases. Any changes in these assumptions will impact the carrying amount of retirement benefit obligation.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligation and related retirement benefit expense.

Other key assumptions for retirement benefit obligation are based in part on current market conditions.

The sensitivity of the defined benefit obligation as at December 31 to changes in the significant weighted principal assumptions follows:

		Impact on defined benefit obligation	
	Change in assumption	Increase in Assumption	Decrease in assumption
As at December 31, 2021			
Discount rate	+/-0.50%	(19,010,198)	20,786,235
Future salary increase	+/-1.00%	41,566,448	(35,498,326)
As at December 31, 2020			
Discount rate	+/-0.50%	(19,935,730)	21,877,171
Future salary increase	+/-1.00%	43,602,619	(37,030,204)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the retirement benefit obligation recognized within the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Expected maturity analysis of undiscounted retirement benefits as at December 31 is as follows:

	Less than a year	1 to 5 years	5 to 10 years
2021	34,934,088	76,490,957	229,581,138
2020	16,738,892	78,783,765	188,117,706

There are no other related party transactions with the retirement fund except for the contributions to, benefits paid and investment in shares in the Parent Company by the retirement fund.

Note 20 - Taxation

Deferred income tax (DIT)

DIT assets, net as at December 31 consist of:

	2021	2020
Net operating loss carry-over (NOLCO)	31,642,747	41,520,091
Fair value adjustment of investment in equity securities at FVOCI	(17,276,818)	(13,247,063)
Fair value adjustment of investment at FVPL	(6,118,204)	(1,629,157)
Unrealized foreign exchange loss	2,325,121	11,431,126
Remeasurement gain on retirement benefit obligation	7,901,994	(970,137)
Allowance for inventory obsolescence	8,297,874	12,758,005
Minimum corporate income tax	4,691,127	2,984,805
Retirement benefit obligation	4,416,313	22,139,275
Provision for disallowance of VAT refund	924,503	962,662
Effect of PFRS 16	2,153,305	(2,986,669)
Allowance for doubtful accounts	2,992,595	13,686,953
Provision for incentives	12,801,766	-
Provision for donation	1,214,642	-
	55,966,965	86,649,891

The offset amounts as at December 31 are as follows:

	2021	2020
DIT assets	91,914,397	109,406,644
DIT liabilities	(35,947,432)	(22,756,753)
	55,966,965	86,649,891

The movements in the DIT assets, net for the years ended December 31 are as follows:

	2021	2020
Beginning of year	86,649,891	14,961,349
Credited to profit or loss	(6,806,278)	59,490,071
Credited to other comprehensive income	(23,876,648)	12,198,471
End of year	55,966,965	86,649,891

Corporate income tax

In compliance with local tax law, the entities shall pay the greater of minimum corporate income tax (MCIT), which is 1% of gross income as defined under the law, and the normal income tax which is 25% of taxable income. Any excess of MCIT over the normal income tax shall be carried forward for the next three (3) consecutive taxable years immediately following the year such MCIT was paid.

The Tax Reform Act of 1997 (the Act) introduced NOLCO as a deduction from taxable income for the three consecutive years immediately following the year such loss was incurred.

NOLCO pertains to the net operating loss of the business, outside of the Company's PEZA-registered activities, for any taxable year which can be claimed as a deduction from taxable income for the next three (3) consecutive taxable years immediately following the year of such loss.

In 2020, pursuant to Section 4 (bbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

As at December 31, 2021, the Parent Company recognized MCIT as follows:

Year of incurrence	Year of expiration	2021	2020
2019	2022	6,203,770	6,203,770
2020	2023	3,745,580	3,745,580
2021	2024	7,948,960	-
		17,898,310	9,949,350
MCIT at 1% (2020 - 2%)		4,691,127	2,984,805

As at December 31, 2021, the Parent Company recognized NOLCO as follows:

Year of incurrence	Year of expiration	2021	2020
2019	2022	68,538,347	68,538,347
2020	2025	69,861,957	69,861,957
2021	2026	3,863,897	-
Total		142,264,201	138,400,304
Applied		(11,829,317)	-
NOLCO at December 31		130,434,884	138,400,304
Tax effect at 25% in 2021 (2020 - 30%)		31,642,747	32,608,721

Realization of the future tax benefit related to these DIT asset is dependent on the entity's ability to generate future taxable income during the periods the temporary differences reverse, and before NOLCO benefit prescribes.

The Group has unrecognized NOLCO from DLPF and NAC as at December 31, 2021 amounting to P1,722,078 (2020 - P 7,544,841).

PEZA registered activity

DLPC

On October 26, 2007, the PEZA approved DLPCI's application for registration to manufacture specialty polymer and colours compound. Under this registration, such activity is entitled to a four-year income tax holiday (ITH) from the start of commercial operations in April 2008. On March 16, 2009, PEZA approved DLPCI's request for the adjustment of the start date of commercial operations to March 1, 2009.
As a result, the ITH was extended until February 28, 2013. On September 18, 2012, PEZA approved the extension of DLPCI's ITH to February 28, 2014 on the basis of its Net Foreign Exchange Earnings.
On May 16, 2013, PEZA approved DLPCI's request for the grant of pioneer status. As a result, DLPCI was entitled to a six-year ITH until February 28, 2016. Beginning March 1, 2016, the gross income from the foregoing registered activity of DLPCI is subject to 5% tax rate.

On November 16, 2014, PEZA approved DLPCI's application for registration to manufacture new generation, eco-friendly specialty polymer and colour compounds. Under this registration, such activity is entitled to a four-year ITH from the start of commercial operations in November 2014. Subsequently, PEZA approved extension of ITH for another 2 years ending on October 2020. On March 25, 2019, PEZA granted additional 1 year extension (up to October 2021) due to approved Net Foreign Exchange Earnings (NFEE) criterion was met.

On June 11, 2015, the Board of Directors (BOD) of PEZA approved Resolution No. 15-317, wherein the Company's application for registration to manufacture color and effects system for paints and coating products was entitled to a four-year ITH from the start of commercial operation in July 2017 until July 2021. Subsequently, PEZA approved extension of ITH for another 2 years ending on June 2023.

On April 21, 2020 PEZA confirmed entitlement to four (4) years ITH of its new project the New Specialty High-End Polymer & Colour compounds which started commercial operation in February 2019 and will end on January 2023.

DLPF

On December 6, 2018, the Philippine Economic Zone Authority (PEZA) approved DLPF's registration as an Ecozone Export Enterprise engaged in manufacturing of vegetable fats and oils and specialty food ingredients.

NAC

Subsequently on January 4, 2018, the Philippine Economic Zone Authority (PEZA) approved NAC's registration as an Ecozone Export Enterprise engaged in manufacturing of coconut oil fractions and coconut-based surfactants and downstream consumer products.

BOI registered activity

On March 4, 2011, CTI's registration with the BOI as "new export producer of oleochemical specialties and derivatives" was approved. As a result, the Group's sales generated from oleochemical segment are entitled to ITH for a period of four (4) years. Upon expiration of its ITH in March 2015, CTI pays 10% income tax on income generated from its biodiesel operations. Subsequently, through a legal service letter from Board of Investment dated October 15, 2014, CTI amended its BOI status from non-pioneer to pioneer effectively extending its ITH period from 4 to 6 years until March 2017. On March 2, 2017, the BOI conditionally approved CTI's application for extension of ITH for one year beginning March 27, 2017. On July 8, 2018, the BOI approved CTI's application for extension of ITH for one year beginning March 27, 2018. On March 22, 2019, CTI's registration with the BOI as "expanding export producer of oleochemicals specialties and derivatives" was approved. As a result, the Group's income generated from oleochemical segment are entitled to ITH for a period of three (3) years.

Optional Standard Deduction

On December 20, 2008, Revenue Regulations No. 16-2009 on the Optional Standard Deduction (OSD) was published. The regulation prescribed the rules for the OSD application by corporations in the computation of their final taxable income. For corporations, OSD shall be 40% based on gross income; "cost of sales" and "cost of services" will be allowed to be deducted from gross sales.

Following are the election of the Group on OSD or itemized deduction for each of the three years in the period ended December 31, 2021:

	2021	2020	2019
Parent Company	Itemized	Itemized	Itemized
OFI	OSD	Itemized	OSD
DLPF	Itemized	Itemized	Itemized
DLPCI	ITH/Itemized	ITH/Itemized	ITH/Itemized
FIC	OSD	OSD	OSD
API	OSD	OSD	OSD
CTI	ITH/Itemized	ITH/Itemized	ITH/Itemized
CHI	OSD	OSD	OSD
NAC	Itemized	Itemized	Itemized

A reconciliation of income tax expense computed at the statutory income tax rate to the income tax expense as reflected in the consolidated statement of total comprehensive income for the years ended December 31 are as follows:

	2021					
	PEZA registered activity (0%)	PEZA registered activity (5%)	BOI registered activity (0%)	BOI registered activity (10%)	Regular tax rate (25%)	Total
Net profit before tax	300,445,216	261,225,940	149,735,405	194,845,635	2,313,592,435	3,219,844,631
Availment of OSD	-	-	-	-	(235,746,145)	(235,746,145)
Interest income subject to final tax	(58,316)	(37,274)	-	(75,712)	(2,390,051)	(2,561,353)
Movement of unrecognized deferred tax	-	-	-	-	7,209,501	7,209,501
Non-deductible expenses	35,308,261	22,568,387	-	689,947	158,891,538	217,458,133
Taxable gross/net income	335,695,161	283,757,053	149,735,405	195,459,870	2,241,557,278	3,206,204,767
Statutory income tax rates	0%	5%	0%	10%	25%	
Income tax expense before change in tax rate	-	14,187,853	-	19,545,987	560,389,319	594,123,159
Change in current tax rate of prior period	-	-	-	-	(42,287,554)	(42,287,554)
Change in tax rates for deferred tax assets	-	-	-	-	25,311,782	25,311,782
Income tax expense	-	14,187,853	-	19,545,987	543,413,547	577,147,387

	2020					
	PEZA registered activity (0%)	PEZA Registered activity (5%)	BOI registered activity (0%)	BOI registered activity (10%)	Regular tax rate (30%)	Total
Net profit before tax	222,582,264	169,472,254	127,715,782	245,539,179	1,790,475,332	2,555,784,811
Availment of OSD	-	-	-	-	(152,166,817)	(152,166,817)
Interest income subject to final tax	(116,800)	(77,420)	-	(127,990)	(7,698,053)	(8,020,263)
MCIT	-	-	-	-	(3,745,580)	(3,745,580)
Movement of unrecognized deferred tax	-	-	-	-	22,010,590	22,010,590
Non-deductible expenses	61,387,806	37,921,281	-	17,626,020	42,626,707	159,561,814
Taxable gross/net income	283,853,270	207,316,115	127,715,782	263,037,209	1,691,502,179	2,573,424,555
Statutory income tax rates	0%	5%	0%	10%	30%	
Income tax expense	-	10,365,806	-	26,303,721	507,450,653	544,120,180

	2019					
	PEZA registered activity (0%)	PEZA Registered activity (5%)	BOI registered activity (0%)	BOI registered activity (10%)	Regular tax rate (30%)	Total
Net profit before tax	251,813,443	258,631,995	87,506,015	344,342,977	2,349,975,606	3,292,270,036
Availment of OSD	-	-	-	-	(246,405,857)	(246,405,857)
Interest income subject to final tax	(107,741)	(103,318)	-	(2,218,790)	(4,237,788)	(6,667,637)
Movement of unrecognized deferred tax	-	-	-	-	(44,567,037)	(44,567,037)
Non-deductible expenses	53,578,959	50,193,778	-	10,479,280	17,205,857	131,457,874
Taxable gross/net income	305,284,661	308,722,455	87,506,015	352,603,467	2,071,970,781	3,126,087,379
Statutory income tax rates	0%	5%	0%	10%	30%	-
Income tax expense	-	15,436,123		35,260,347	621,591,234	672,287,704

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

On March 26, 2021, RA No. 11534, otherwise known as CREATE, was signed into law. Under the CREATE bill, effective July 01, 2020, the existing 30% corporate income tax rate shall be amended as follows:

- reduction of corporate income tax (CIT) rate to 20% applicable to domestic corporations with total net taxable income not exceeding P5,000,000 and with total assets not exceeding P100 Million (excluding land on which the business entity's office, plant and equipment are situated);
- reduction of CIT rate to 25% shall be applicable to all other corporations subject to regular CIT
- Minimum Corporate Income Tax (MCIT) rate shall also be amended to 1%, instead of 2%, for the period beginning July 01, 2020 until June 30, 2023.

Under CREATE, corporate taxpayers shall prepare their annual income tax return for the calendar year 2020 using the pro-rated CIT rate for CY2020 reckoned from July 1, 2020 (retrospective effect).

As a result of the change in CIT rate, the Group remeasured its current and deferred tax assets and liabilities using the new applicable corporate income tax rates.

Change in tax rate in 2019 relates to the change in effective rate as a result of the availment of OSD and itemized deductions by entities within the Group.

Note 21 - Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

21.1 Critical accounting estimates and assumptions

21.1.1 Key assumptions used for value-in-use calculations (Note 1.3.1)
21.1.2 Recoverability of receivables (Note 4.1)
21.1.3 Provision for inventory obsolescence (Note 5.1)
21.1.4 Useful life of property, plant and equipment (Note 8.1)
21.1.5 Key assumptions used to calculate retirement benefit obligation (Note 19.1)

21.2 Critical accounting judgments in applying the Group's accounting policies

21.2.1 Impairment tests for goodwill (Note 1.3.1)
21.2.2 Recoverability of receivables (Note 4.1)
21.2.3 Provision for inventory obsolescence (Note 5.1)
21.2.4 Recoverability of input VAT (Note 6.1)
21.2.5 Recoverability of CWT (Note 6.2)

Note 22 - Financial risk and capital management

22.1 Financial risk factors

The Group's activities expose it to a variety of financial risks and these activities involve the analysis, evaluation and management of some degree of risk or combination of risks. The Group's overall risk management program focuses on the unpredictability of financial markets, aims to achieve an appropriate balance between risk and return and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the ManCom.

The most important types of risk the Group manages are: credit risk, market risk and liquidity risk. Market risk includes foreign currency exchange, price and interest risks.

22.2 Components of financial assets and liabilities by category

22.2.1 Financial assets

Details of the Group's financial assets as at December 31 are as follows:

	Notes	2021	2020
Financial assets at amortized cost			
Cash and cash equivalents	3	5,223,083,857	2,136,611,930
Receivables, gross	4	5,393,577,343	3,751,171,581
Due from related parties	18	108,686,787	44,728,322
Refundable deposits	6	106,459,514	39,190,570
		10,831,807,501	5,971,702,403
Financial assets at FVPL		650,480,414	638,496,145
Financial assets at FVOCI		198,000,979	182,248,820
		11,680,288,894	6,792,447,368

Receivables are presented gross of allowance for impairment as at December 31, 2021 amounting to P54,885,595 (2020 - P69,202,300).

The other components of other current and non-current assets are considered non-financial assets which include deposits to suppliers, input VAT, creditable withholding taxes and prepayments.

The carrying amounts of financial asset at amortized cost approximate their fair values (Level 1) as the impact of discounting is not considered significant. Financial assets at FVPL and FVOCI are measured at quoted prices (Level 1). Investments in FVPL include investments in open-ended unit investment trust funds that are redeemable anytime and reports daily net asset value.

22.2.2 Financial liabilities

Details of the Group's financial liabilities, categorized as other financial liabilities at amortized cost at December 31 are as follows:

	Notes	2021	2020
Trade payables and other liabilities	10	2,830,551,657	1,870,574,395
Due to related parties	18	40,663,060	21,281,272
Borrowings from a related party (long-term)	18	-	300,000,000
Lease liabilities	9	400,709,523	110,641,936
Bonds payable	11	4,940,005,642	-
Borrowings	11	8,850,000,000	5,150,000,000
		17,061,929,882	7,452,497,603

Trade payables and other liabilities exclude amounts due to regulatory agencies and advances from customers as at December 31, 2021 amounting to P66,930,860 and P493,426 (2020 - P56,088,624 and P479,186), respectively (Note 10).

The carrying amounts of financial liabilities at amortized cost approximate their fair values (Level 2) due to their short-term nature and/or the impact of discounting is not considered significant.

As at December 31, 2021, estimated fair value (Level 2) of the bonds payable approximates its carrying amount as it carries market interest rate (Note 11).

22.3 Credit risk

The Group's exposure to credit risk arises primarily from financial assets at amortized cost and financial assets at FVTPL.

The Group has prudent credit policies to ensure that sales of its products are made to customers with good credit history. The senior management team, product group heads and the respective sales team perform credit evaluation and monthly review of outstanding receivables as part of the regular performance assessment process. All significant receivables from key customers are monitored for collectability and actual settlement performance, and specific action plans are required for any material overdue amounts from all categories of customers.

The Group's financial assets that are subject to the expected credit loss model are as follows:

	2021	2020	Basis for recognition of ECL
Financial assets at amortized cost			
Cash and cash equivalents	5,215,594,852	2,063,176,955	12-month ECL
Trade and other receivables	5,393,577,343	3,751,171,581	Lifetime ECL
Due from related parties	108,686,787	44,728,322	12-month ECL
Refundable deposits	106,459,514	39,190,570	12-month ECL
Financial assets at FVTPL	650,480,414	638,496,145	Marked to market
	11,474,798,910	6,536,763,573	

Cash and cash equivalents exclude cash on hand as at December 31, 2021 amounting to P7,489,005 (2020 - P73,434,975) which is not subject to credit risk.

The maximum exposure to credit risk at the reporting date is the carrying value of financial assets summarized above.

None of the financial assets that are fully performing has been renegotiated as at December 31, 2021 and 2020.

The Group does not hold any collateral as security to the above financial assets.

Cash in bank

Credit risk exposure arising from cash in bank arises from default of the counter party, with a maximum exposure equal to the fair value of financial asset. To minimize credit risk exposure, the Group deposits its cash in banks with good credit rating.

Cash deposited in these banks as at December 31 are as follows:

	2021	2020
Universal banks	5,208,117,105	2,037,120,486
Thrift banks	7,477,747	26,056,469
	5,215,594,852	2,063,176,955

While cash in bank are also subject to requirements of PFRS 9, expected credit loss is considered not significant. The Group does not hold any collateral as security to the above financial assets.

Due from related parties

Due from related parties pertain to amounts receivable for sale of inventories and services to related parties. These are non-interest bearing and are collectible generally within 30 to 60 days after transaction date. Due from related parties are fully recoverable. Management does not foresee significant credit risk on the outstanding balances of due from related parties as these are transacted with related parties with strong financial and liquidity position.

Trade and other receivables

(i) Trade receivables

The Group applies the PFRS 9 simplified approach to measuring expected credit losses which used a lifetime expected loss allowance for trade receivables arising from sale of goods and services to third parties. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the historical collection cycle.

The expected loss rates are based on the payment profiles of counterparties over a period of 36 months before January 1, 2019 and the corresponding historical credit losses experiences within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group has identified the Gross Domestic Product (GDP) and the inflation rates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31 was determined as follows:

December 31, 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0.53%	0.45%	0.62%	5.84%	7.44%
Gross carrying amount -trade receivables	2,847,281,895	1,569,031,974	460,999,306	510,661,502	5,387,974,677
Loss allowance	(15,222,711)	(7,006,160)	(2,845,308)	(29,811,416)	(54,885,595)
Net receivables	2,832,059,184	1,562,025,814	458,153,998	480,850,086	5,333,089,082

December 31, 2020	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0.30%	0.35%	0.38%	11.67%	12.70%
Gross carrying amount - trade receivables	2,063,995,367	834,299,333	342,947,503	504,516,016	3,745,758,219
Loss allowance	(6,114,317)	(2,905,470)	(1,305,286)	(58,877,227)	(69,202,300)
Net receivables	2,057,881,050	831,393,863	341,642,217	445,638,789	3,676,555,919

(ii) Other receivables

Other receivables include loans to officers and employees amounting to P5,602,666 (2020 - P5,413,362). To address credit risk, these advances are subject to liquidation and/or collectible through salary deduction. Other receivables also include receivables from third parties to which the Group limits its exposure to credit risk by transacting only with counterparties that have appropriate and acceptable credit history. Advances to officers and employees and other receivables are considered to be fully recoverable and hence expected credit loss is considered insignificant.

Refundable deposits

This account pertains to security deposits on properties leased by the Group. Security deposits are generally refundable at the end of the lease term. Management does not expect significant credit risk on these deposits.

Financial assets measured at FVPL

The Group's investments in debt instrument are considered to have low credit risk. Management consider 'low credit risk' for unit investment trust funds, as they are managed by universal banks with good credit rating.

22.4 Market risk

22.4.1 Foreign currency exchange risk

The Group's foreign currency denominated monetary assets and liabilities as at December 31 consist of:

	2021	2020
In USD		
Cash	7,647,402	9,138,668
Receivables	23,899,276	12,153,143
Financial assets at FVPL	8,104,341	10,410,769
	39,651,019	31,702,580
Trade payable and other liabilities	(10,735,293)	(6,344,399)
Net assets in USD	28,915,726	25,358,181
Closing exchange rate	50.99	48.02
Philippine peso equivalent	1,474,412,869	1,217,699,852

Foreign exchange gain (loss), net for the years ended December 31 consist of:

	2021	2020	2019
Realized foreign exchange gain (loss)	27,004,642	(77,341,085)	(31,185,882)
Unrealized foreign exchange gain (loss)	36,589,724	(45,074,118)	(20,794,431)
Foreign exchange gain (loss), net	63,594,366	(122,415,203)	(51,980,313)

Foreign exchange risk arises when future commercial transactions and assets and liabilities are denominated in a currency that is not the Parent Company's functional currency.

The Group manages its foreign currency exchange risk through minimizing foreign currency denominated transactions. Also, the Group maintains sufficient cash in foreign currency to cover its maturing obligations.

A market driven change in foreign currency exchange rate, arising from US Dollar denominated assets (liabilities), as at December 31 would lead to immaterial pre-tax profit and equity movements.

22.4.2 Price risk

As at December 31, 2021, the Group is exposed to price risk in relation to its investments in debt and equity financial assets amounting to P650,480,414 and P198,000,979, respectively (2020 - P638,496,145 and P182,248,820, respectively). Components of debt and equity financial assets would increase or decrease as a result of gains or losses on these financial assets measured at fair value at the end of each reporting period. Management monitors such financial assets based on the net asset value of the debt instruments (unit investment trust funds) current market price of the shares. These financial assets are managed on an individual basis, and all buy and sell decisions are approved by the ManCom.

At December 31, 2021 and 2020, impact of a market driven change in fair value of the debt and equity investments, with all other variables held constant, would have been immaterial.

22.4.3 Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial assets and liabilities will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial assets and liabilities will fluctuate because of changes in market interest rates.

Cash flow interest rate risk

The Group's exposure to cash flow interest rate risk pertains to short-term borrowings where the related interests are repriced at periodic intervals based on the prevailing mark-to-market prices, in accordance with the terms of the agreement. The Group's practice is to manage its interest cost by reference to current market rates in borrowings.

The Group's fixed rate borrowings are measured at amortised cost. They are therefore not subject to cash flow interest rate risk as defined in PFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Fair value interest rate risk

Changes in the market interest rates of the Group's financial liabilities with fixed interest rates only affect income if these are measured at their fair value. As such, the Group's financial liabilities with fixed interest rates that are measured at amortized cost are not subject to fair value interest rate risk as defined in PFRS 7.

22.5 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility by keeping credit lines available.

On a regular basis, management monitors forecasts of the Group's liquidity reserve on the basis of expected cash flows. The Group places cash in excess of immediate requirements in banks.

The table below summarizes the maturity profile of the Group's non-derivative financial liabilities based on contractual undiscounted payments:

	Due and demandable	Less than 3 months	Between 3 to 6 months	Between 7 to 12 months	Over 12 months	Total
December 31, 2021						
Trade payables and other liabilities	1,084,505,581	710,343,565	98,002,912	921,589,472	16,110,127	2,830,551,657
Due to related parties	15,273,961	3,502,204	-	21,886,895	-	40,663,060
Borrowings and future interest payments	-	200,000,000	8,654,039,444	-	-	8,854,039,444
Bonds payable and future interest payments	-	38,894,750	38,894,750	38,894,750	5,461,212,316	5,577,896,566
Lease liabilities and future interest payments	-	44,273,991	44,338,028	88,589,747	245,198,424	422,400,190
	1,099,779,542	997,014,510	8,835,275,134	1,070,960,864	5,722,520,867	17,725,550,917
December 31, 2020						
Trade payables and other liabilities	472,973,410	763,238,011	628,073,333	6,289,641	-	1,870,574,395
Due to related parties	13,880,572	7,400,700	-	-	-	21,281,272
Borrowings from a related party (long-term) and future interest payments	-	-	-	-	347,250,000	347,250,000
Borrowings and future interest payments	3,813,259,068	1,363,018,318	-	-	-	5,176,277,386
Lease liabilities and future interest payments	6,774,531	8,546,574	26,888,325	38,507,994	35,356,960	116,074,384
	4,306,887,581	2,142,203,603	654,961,658	44,797,635	382,606,960	7,531,457,437

At December 31, 2021, borrowings, bond payable and lease liabilities include undiscounted cash flows on interest payable until its maturity.

The Parent Company, together with its related parties entered into surety agreements with local banks and a corporate guarantee with a foreign bank. The borrowings of the Group are covered by surety agreements and corporate guarantee agreements (Note 18).

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances equal their carrying balances, as the impact of discounting is not significant.

The Group believes that cash generated from its operating activities and current assets are sufficient to meet maturing obligations required to operate the business. The Group would also be able to meet unexpected cash outflows by accessing additional funding sources from local banks.

The Group expects to settle the above financial obligations in accordance with their maturity date.

However, the Group may consider to roll-over short-term loans based on working capital requirements.

22.6 Capital management

The Group's objective when managing capital is to generate the maximum possible returns for its shareholders while taking on a manageable degree of risk ensuring that the Group will continue to expand business and manufacturing facilities.

In order to maintain or adjust the capital structure, the Group reviews its capital structure from time to time to assess the proper financing mix necessary to grow and sustain its operations. As a matter of policy, capital expenditures have been financed from internally-generated cash flow while working capital requirements will be augmented by short-term bank borrowings from time to time.

Earnings in excess of dividend distribution to shareholders have been continuously redeployed and reinvested in the growth of the Group's business. Each instance of expansion of manufacturing capacity and entry into new products and markets undergo a thorough evaluation process to ensure that such investments and marketing programs are in consonance with the Group's core competencies and would be enhancing, rather than diminishing, shareholder value in the long run.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE required a minimum percentage of ten percent (10%) of the listed companies' issued and outstanding shares, exclusive of any treasury shares, to be held by the public. On May 31, 2017, the SEC issued a Memorandum Circular to increase the minimum percentage requirement to at least fifteen percent (15%) on or before end of 2018 and then to at least twenty percent (20%) on or before end of 2020. The Parent Company is compliant with respect to this requirement.

As at December 31, 2021 and 2020, total capital is equal to total equity (excluding any reserves) as shown in the consolidated statements of financial position.

	2021	2020
Total equity	19,104,936,839	17,766,928,890
Reserves	(246,679,578)	(187,082,997)
	18,858,257,261	17,579,845,893

There are no changes to the Group's capital management policies as at December 31, 2021 and 2020.

Note 23 - Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

23.1 Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, PAS and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

These consolidated financial statements have been prepared under the historical cost convention, as modified by revaluation of financial assets at FVPL and FVOCI, and retirement benefit plan where plan assets are measured at fair value.

The preparation of consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 21.

23.1.1 Changes in accounting policy and disclosures

The Group has applied the following amendments for the first time for the year beginning January 1, 2021 but did not have significant impact to the Group's financial statements:

PFRS 9, PAS 39, PFRS 7 and PFRS 16: Interest Rate Benchmark Reform Phase 2 - The Phase 2 amendments provide practical expedients to changes in benchmark interest rates for financial assets and liabilities (including lease liabilities) and further reliefs for hedge accounting to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one.

The following new standards, amendments, and interpretations effective after January 1, 2021 are not yet adopted:

- PAS 16: Property, Plant and Equipment (PP&E): Proceeds before intended use

The amendments prohibit entities from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group does not expect the amendments to have a significant impact on the Group's financial statements.

- PFRS 3: Reference to the Conceptual Framework

Minor amendments were made to PFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of PAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group does not expect the amendments to have a significant impact on the Group's financial statements.

- PAS 37: Onerous Contracts - Cost of Fulfilling a Contract

The amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The amendment is effective for annual reporting periods beginning on or after January 1, 2022. The Group does not expect the amendments to have a significant impact on the Group's financial statements.

- PFRS 9 and PFRS 16: Annual Improvements

Amendment in PFRS 9 clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

Amendment of illustrative example 13 in PFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group does not expect the amendments to have a significant impact on the Group's financial statements.

- PAS 1: Classification of Liabilities as Current or Non-current

The narrow-scope amendments clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group does not expect the amendments to have a significant impact on the Group's financial statements.

- PAS 1 and PFRS Practice Statement 2: Disclosure of Accounting Policies

The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Group does not expect the amendments to have a significant impact on the Group's financial statements.

- PAS 8: Definition of Accounting Estimates

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Group does not expect the amendments to have a significant impact on the Group's financial statements.

- PAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. PAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Group does not expect the amendments to have a significant impact on the Group's financial statements.

23.2 Financial assets

23.2.1 Classification and presentation

Classification

The Group classifies its financial assets in the following measurement categories:

(a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and;
(b) those to be measured at amortized cost.

The classification depends on the Group business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income, otherwise it will be recognized at fair value through profit or loss.

The Group shall reclassify financial assets when and only when its business model for managing those assets changes.

The Group's financial assets measured at fair value through profit and loss includes unit investment trust fund (UITF) while financial assets measured at fair value through other comprehensive income includes investments in equity securities.

The Group's financial assets at amortized cost category include cash and cash equivalents, trade receivables, due from related parties and refundable deposits.

The Group's financial assets are detailed in Note 22.2.

23.2.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

23.2.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

(a) Debt instruments - subsequent measurement

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income (expenses), net, using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income (expenses), net, together with foreign exchange gains and losses. Impairment losses are presented in administrative expenses in the statement of total comprehensive income.

  The Group's financial assets at amortized cost consist of cash and cash equivalents, trade receivables, due from related parties and refundable deposits (Note 22.2.1).

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other income (expenses), net. Interest income from these financial assets is included in other income (expenses), net, using the effective interest rate method. Foreign exchange gains and losses are presented in other income (expenses), net and impairment expenses are presented as separate line item in the statement of total comprehensive income.

  The Group does not have debt instruments financial assets that are measured at FVOCI.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented within other income, net, in the period in which it arises.

  The Group's financial assets at FVPL consists of investments in mutual funds (Note 22.2).

Equity instruments – subsequent measurement

The group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the equity investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The Group's equity instrument financial assets that are measured at FVOCI consists of investments in listed shares and proprietary golf club shares (Note 22.2)

23.2.4 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to:

- 12-month expected credit losses (ECLs) - these are ECLs that result from default events that are possible within 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs - these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

(i) Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables arising from contracts with third party customers. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

(ii) General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due or longer depending on the historical experience with particular customers.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Impairment losses and subsequent recoveries on financial assets are presented in administrative expenses within operating profit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss. Reversals of previously recorded impairment provision are based on the result of management's update assessment, considering the available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivables at the end of the reporting period. Subsequent recoveries of amounts previously written-off were credited against operating expense in profit or loss.

23.3 Financial liabilities

23.3.1 Classification and presentation

The Group classifies its financial liabilities in the following categories: (a) financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and (b) financial liabilities at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

The Group did not hold financial liabilities at fair value through profit or loss during and at the end of each reporting period.

Financial liabilities at amortized cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost. They are included in current liabilities, except for maturities more than twelve months after reporting date which are classified as non-current liabilities.

The Group's financial liabilities at amortized cost consist mainly of trade payables and other liabilities (excluding payables to government agencies for value-added tax, withholding and other taxes), due to related parties, lease liabilities, bonds payable and borrowings.

23.3.2 Initial recognition and subsequent measurement

The Group recognizes a financial liability in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

The Group's financial liabilities at amortized cost are initially measured at invoice amount, which approximates fair value plus transaction costs. Subsequently, these are measured at amortized cost using the effective interest method. Interest expense on financial liabilities is recognized within finance cost, at gross amount, in profit or loss.

23.3.3 Derecognition

Financial liabilities are derecognized when extinguished, that is, when the obligation specified in a contract is discharged or cancelled or when the obligation expires.

23.4 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group's FVPL and FVOCI financial assets with quoted market price are valued using Level 1 of the fair value hierarchy and those with unquoted market price are measured at cost.

For non-financial assets, the Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the Group will not fulfill an obligation.

23.5 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

23.6 Consolidation

23.6.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

Accounting policies and reporting period of its subsidiaries are consistent with the policies adopted by and the reporting period of the Parent Company.

23.6.2 Business combinations (including common control business combination)

The Group applies the purchase or acquisition method to account for business combinations.
The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss in the consolidated statement of total comprehensive income.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified at equity is not re-measured, and its subsequent settlement is not accounted for within equity.

23.6.3 Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred (including the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree) over the fair value of the Group's share of the identifiable net assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognized directly in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

23.6.4 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired in the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

23.6.5 Disposal of subsidiary

When the Group ceases to have control, any retained interest in the subsidiary is re-measured to its fair value at the date when control is lost, with the change in carrying amount generally recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the Group surrenders control to a related party within the group it ultimately belongs, the difference between the consideration received and the fair value of the subsidiary at divestment date, is recognized as other charges to equity.

23.7 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from date of acquisition. These are measured in the statement of financial position at fair value and subsequently carried at amortized cost which approximates the face or nominal amount. Cash in bank earns interest at the prevailing bank deposit rate. Policies for financial assets are disclosed in Note 23.2.

23.8 Receivables

Trade receivables arising from regular sales with an average credit term of 30 days are recorded at transaction price plus transaction cost, which approximate invoice value and subsequently measured at amortized cost using effective interest method less any provision for impairment. Provision for impairment is determined using the policies disclosed in Notes 22 and 23.2.

When a receivable is uncollectible, it is written-off against the provision account for receivables. Receivables and its related provision for impairment are written off when the Group has determined that the receivable is uncollectible as they have already exerted all collection efforts, including filing a legal case. Bad debts written off are specifically identified by the Group's marketing department after exhausting all collection efforts (i.e. sending demand letters and legal notice of default to customers), and is approved by the respective segment managing director and subsequently by the Board of Directors.

Write-offs represent either direct charge against profit or loss at the time the receivable deemed uncollectible or the release of previously recorded provision from the allowance account and credited to the related receivable account following the Group's assessment that the related receivable will no longer be collected after all collection efforts have been exhausted.

Subsequent recoveries of amounts previously written-off are credited in profit or loss under general and administrative expenses. Reversals of previously recorded impairment provision are recognized in profit or loss based on the result of management's update assessments, considering available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivable at reporting date.

23.9 Inventories

Inventories are stated at the lower of cost and net realizable value (NRV). Finished goods are carried at actual manufacturing costs. Cost of raw materials used in production is measured using First-in First-out method (FIFO) while conversion costs, particularly direct labor and overhead, are initially measured at standard cost per production batch but subsequently adjusted to actual conversion costs, except for those in process inventories. Inventories in transit are valued at invoice cost including related importation costs. The cost of inventories excludes borrowing costs. NRV is the estimated selling price in the ordinary course of business, less cost to complete and to sell.

Allowance for inventory obsolescence and obsolescence is provided, when necessary, based on management's review of inventory turnover and projected future production demands, and is recognized in profit or loss. Provision for inventory obsolescence is established for non-moving and defective inventories based on physical inspection and management evaluation. Inventories and its related allowance account are written off when the Group has determined that the related inventory is already obsolete and damaged. Destruction of the obsolete and damaged inventories is made in the presence of regulatory agencies.

Reversals of previously recorded impairment provisions are credited against provision within cost of sales account in profit or loss based on the result of management's update assessment, considering available facts and circumstances, including but not limited to net realizable value at the time of disposal.

Inventories are derecognized when sold or otherwise disposed of.

23.10 Claim for input VAT, prepayments and other current assets

23.10.1 Claim for input VAT and prepaid taxes

Claims for input VAT and prepaid taxes is stated at face value less allowance for impairment, if any. They are included in current assets, except for those expected to be utilized after twelve months after the reporting date, which are classified as non-current assets.

The Group, on a continuing basis, makes a review of the status of the claim which is designed to identify those that may require provision for impairment. Provision for unrecoverable input VAT and prepaid taxes, if any, is maintained by the Group at a level considered adequate to provide for potential uncollectible portion of the claim.

A provision for unrecoverable input VAT and prepaid taxes is established when there is objective evidence that the Group will not be able to recover the claim or portions thereof. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Write-off is recognized upon receipt and acceptance of a formal notice of disallowance from tax authorities that is not subject to appeal.

Claims for input VAT and prepaid taxes is derecognized when actually collected, applied against taxes due or disallowed by tax authority.

23.10.2 Prepayments and other current assets

Prepayments are recognized in the consolidated statement of financial position in the event that payment has been made in advance of obtaining right of access to goods or receipt of services and measured at nominal amounts. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. These are derecognized in the consolidated statement of financial position upon delivery of goods or when services have been rendered, through amortization over a certain period of time, and use or consumption.

Other current assets consist substantially of input value-added tax and creditable withholding taxes which are recognized as assets in the period such input value-added tax and income tax payments become available as tax credits to the Group and carried over to the extent that it is probable that the benefit will flow to the Group.

Prepayments and other non-financial assets are included in current assets, except when the related goods or services are expected to be received or rendered more than twelve months after the reporting period, or relate to advances for non-current assets such as fixed assets, in which case, are classified as non-current assets.

23.11 Property, plant and equipment

Property, plant and equipment is initially measured and recognized at acquisition cost which comprises of purchase price and any directly attributable cost of bringing the asset to working condition and location for intended use.

After initial measurement, property, plant and equipment is stated at historical cost less accumulated depreciation, amortization and impairment, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Construction in progress, which represents properties under construction, is stated at cost and depreciated only when the relevant assets are completed and ready for operational use. Upon completion, these properties are reclassified to their appropriate class of property, plant and equipment.

Leasehold improvements are amortized over the shorter of lease term or estimated useful life of the improvements. Lease term takes into consideration renewal options.

Land is not depreciated. Depreciation on other assets is computed on the straight-line method to allocate the cost of each asset, less its residual value, over its estimated useful life (in years), determined based on the Group's historical information and experience on the use of such assets, as follows:

Building	40
Leasehold improvements	5
Transportation and delivery equipment	5 to 10
Office furniture and fixtures	5
Tools	5
Machinery and equipment	10 to 20

The asset's residual values and useful lives are reviewed, and adjusted as appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and their accumulated depreciation are removed from the disposal accounts.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are credited or charged to profit or loss.

23.12 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life, such as goodwill, are not subject to amortization and are tested annually for impairment. Other non-financial assets, mainly property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). Impairment losses, if any, are recognized in profit or loss.

When impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. Reversals of an impairment loss are credited in profit or loss.

23.13 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishing provisions where appropriate on the basis of amounts to be paid to tax authorities.

Deferred income tax (DIT) is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, DIT is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. DIT is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related DIT asset is realized or the DIT liability is settled.

DIT assets are recognized for all deductible temporary differences, carry-forward of unused tax credits from excess minimum corporate income tax (MCIT) and unused tax losses (net operating loss carryover or NOLCO), to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

DIT liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the DIT assets and liabilities relate to income taxes levied by the same taxation authority.

The Group re-assesses at each reporting date the need to recognize a previously unrecognized DIT asset, if any.

DIT assets and liabilities are derecognized when the related temporary difference are realized or settled.

23.14 Trade payables and other liabilities

Trade payables and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business with suppliers.

Trade payables and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established or when the corresponding assets or expenses are recognized. These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables and other liabilities are recognized initially at invoice amount, which represent fair value, and subsequently measured at amortized cost using effective interest method.

These are derecognized when extinguished or when the obligation is discharged, cancelled or has expired.

23.15 Borrowings and borrowing costs

23.15.1 Borrowings, including bonds payable

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Borrowings are derecognized when the obligation is settled, paid or discharged.

23.15.2 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset, if any, are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Other borrowing costs are recognized and charged to profit or loss in the year in which these are incurred.

23.16 Provisions

Provision are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses.
Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and derecognized in the consolidated statement of financial position.

23.17 Equity

23.17.1 Share capital

Ordinary shares are stated at par value and are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

23.17.2 Share premium

Any amount received by the Group in excess of par value of the Parent Company's shares is credited to share premium which forms part of the non-distributable reserve of the Group and can be used only for purposes specified under corporate code.

23.17.3 Share issuance cost

Share issuance costs incurred for the listing and offering process of the Group are recognized as deduction to share premium in accordance with PIC - Question and Answer (PIC - Q&A) 2011-04.

23.17.4 Retained earnings

Appropriated retained earnings

Appropriated retained earnings pertain to the portion of the accumulated profit from operations which are restricted or reserved for a specific purpose such as capital expenditures for expansion projects and dividends to shareholders, which are approved by the Group's Board of Directors.

Unappropriated retained earnings

Unrestricted retained earnings pertain to the unrestricted portion of the accumulated profit from operations of the Group which are available for dividend declaration.

23.18 Dividend distribution

Dividend distribution to the shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by the Parent Company's BOD.

23.19 Earnings per share

23.19.1 Basic

Basic earnings per share is computed by dividing the profit attributable to the owners of the Parent Company by the weighted average number of shares in issue during the year, excluding ordinary shares purchased by the Parent Company held as treasury shares.

23.19.2 Diluted

The diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares, if any.

The Group has no potentially dilutive ordinary shares. Therefore, the amount reported for basic and diluted earnings per share is the same.

23.20 Revenue recognition

Revenue is measured based on the consideration which the entity is expected to be entitled to for the sale of goods and services in the ordinary course of the Group's activities. The Group recognizes revenue when it transfers control over a product or performs service to a customer.

Revenue is recognized as follows:

23.20.1 Sale of goods

Sale of goods are recognized in profit or loss when the Group has delivered the products to the customer and there is no unfulfilled obligation that could affect the acceptance of the products. Delivery does not occur until the products have been shipped to the agreed specific location, the risk of obsolescence and loss has been transferred to the customer, and the customer has accepted the products in accordance with the sales contract.

Sale of goods is shown net of returns, and/or discounts in the consolidated statement of total comprehensive income.

Sales price are agreed with customers upon order and credit terms vary from COD up to 90 days.

There are no warranties and other similar obligations for refunds agreed with customers for sale of goods.

23.20.2 Management and shared service fees

Service fees from management and shared services agreements are stand-ready performance obligation recognized in profit or loss while the services are being rendered in accordance with the agreements.

23.20.3 Dividend income

Dividend income is recognized in profit or loss when the right to receive payment is established.

23.20.4 Interest income

Interest income from cash in banks and short-term investments, which is presented net of final taxes paid or withheld, is recognized in profit or loss on a time-proportion basis using the effective interest method.

23.20.5 Other income

Income from lighterage and sale of equipment is recognized in profit or loss when obligations have been rendered and accepted by the customer in accordance with the relevant agreements.

All other income items are recognized in profit or loss when earned.

23.21 Costs and expenses

Costs and expenses are recognized when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized: (i) on the basis of a direct association between the costs incurred and the earning of specific items of income; (ii) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position. Costs and expenses are presented in the profit or loss according to their function.

23.22 Employee benefits

23.22.1 Retirement benefit obligation

The Group has a defined benefit retirement plan in accordance with the local conditions and practices in the Philippines. The plan is generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability (or asset) recognized in the consolidated statement of financial position is the present value of the defined benefit obligation less fair value of the plan assets at the reporting date. In cases when the amount determined results in an asset, the Group measures the resulting asset at the lower of such amount determined and the present value of any economic benefits available to the Group in the form of refunds or reductions in future contributions to the plan. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement benefit obligation.

When the Group has a surplus in a defined benefit plan, the Group measures the net defined benefit asset at the lower of the surplus in the defined benefit plan, and the asset ceiling determined using the same discount rate in determining the present value of defined benefit obligations. The amount of the asset recognized should not exceed the aggregate of the present values of any refunds expected from the plan; and any expected reduction in future contributions arising from the surplus.

Plan assets are those that are: (a) held by an entity (a fund) that is legally separate from the Group, (b) available to be used only to pay or fund employee benefits; and (c) not available to the Group's creditors, and cannot be returned to the Group unless: (i) the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the Group; or (ii) the assets are returned to the Group to reimburse for employee benefits advanced by the Group. Plan assets exclude investments in group shares that are not transferrable.

Remeasurement gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity (within reserve for remeasurement on retirement benefit) in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

23.22.2 Salaries and wages, and other short-term benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented within trade payables and other liabilities in the consolidated statement of financial position.

23.23 Leases

When the Group enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset or is dependent on the use of a specific asset or assets, the Group assesses whether the arrangement is, or contains, a lease. The Group does not have such arrangements during and at the end of each reporting period.

23.23.1 The Group is the lessee

The Group recognizes leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantee
- the exercise price of a purchase option if the lessee is reasonably certain to exercise the option
- payments of penalties for terminating the lease, if the lease term reflects the termination.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Short-term leases

Payments associated with short-term leases are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less.

23.24 Segment reporting

Reportable segments are presented by aggregating operating segments based on similar products and services. The accounting policies used to recognize and measure the segment's assets, liabilities and profit or loss is consistent with those of the consolidated financial statements.

23.25 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among entities and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

23.26 Foreign currency transactions and balances

23.26.1 Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the Group's subsidiaries operate (the "functional currency"). The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency.

23.26.2 Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transaction or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

For income tax purposes, foreign exchange gains or losses are treated as taxable income or deductible expense in the period such are realized/sustained.

23.27 Subsequent events (or events after the reporting date)

Subsequent events that provide additional information about the Group's financial position at reporting date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes to the financial statements when material.

SECOND SECTION

Second Section

Schedules	Supplementary Schedules	Remarks
A	Financial assets	Schedule A
B	Amounts Receivable and Payable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)	Schedule B
C	Amounts Receivable and Payable from Related Parties which are eliminated during the consolidation of financial statements	Schedule C
D	Long-term Debt	Schedule D
E	Indebtedness to Related Parties	Not applicable
F	Guarantees of Securities of Other Issuers	Not Applicable
G	Capital Stock	Schedule G
Annex 68-D	Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration	Annex 68-D
Annex 68-E	Schedule of Financial Soundness Indicator	Annex 68-E
Annex 68-I	Schedule for Listed Companies with a Recent Offering of Securities to the Public	Annex 68-I
	A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates	

SCHEDULE A

D&L Industries, Inc. and Subsidiaries

Financial Assets
December 31, 2021

Financial assets at amortized cost

Name of issuing entity and association of each issue	Amounts in PHP shown in the consolidated statement of financial position	Income earned in PHP
Hongkong-Shanghai Banking Corporation	2,347,833,400	2,428,530
China Banking Corporation	1,991,561,702	2,060,012
Banco de Oro	475,736,838	492,088
Bank of the Philippine Islands	236,488,724	244,617
Rizal Commercial Banking Corporation	41,102,770	42,515
Eastwest Banking Corporation	40,583,194	41,978
Philippine National Bank	21,744,287	22,492
RCBC Savings Bank	20,840,736	21,557
Security Bank Corporation	19,391,546	20,058
Metrobank Trust Corporation	11,339,918	11,730
Asia United Bank	8,331,470	8,618
Unionbank	540,592	559
Philippine Bank of Communications	99,675	103
Total cash in bank	5,215,594,852	5,394,857
Cash on hand	7,489,005	
Trade and other receivables	5,393,577,343	-
Due from related parties	108,686,787	-
Refundable deposits	106,459,514	-
	10,831,807,501	5,394,857

Investments in equity securities at fair value through other comprehensive income (FVOCI)

Name of issuing entity and association of each issue	Number of shares	Amounts in PHP shown in the consolidated statement of financial position	Value based on market quotation at end of reporting period	Income earned in PHP
Manila Golf and Country Club	2	166,000,000	166,000,000	-
Ayala Corporation	38,509	32,000,979	32,000,979	64,449
		198,000,979	198,000,979	64,449

Investments in debt securities at fair value through profit or loss (FVPL)

Name of issuing entity and association of each issue	Number of units	Amounts in PHP shown in the consolidated statement of financial position	Value based on market quotation at end of reporting period	Income earned in PHP
Unit investment trust fund - BDO	36,000,000	644,983,467	644,983,467	22,625,908
Unit investment trust fund - CBC	5,000,000	5,496,947	5,496,947	192,832
	41,000,000	650,480,414	650,480,414	22,818,740

Annex 68-E

D&L Industries, Inc. and Subsidiaries

Schedule of Financial Soundness Indicator
December 31, 2021

	2021	2020
Gross Profit margin[a]	15%	18%
Net Profit margin[b]	9%	9%
Return on equity[c]	14%	11%
Current ratio[d]	1.82x	2.05x
Interest cover[e]	24x	12x
Net debt to equity ratio[f]	0.45x	0.17x
Asset-to-equity ratio[g]	1.9x	1.43x
Book Value per share[h]	P2.67	P2.49

[a] Gross Profit / Revenues
[b] Net Income available to common shareholders / Revenues
[c] Net Income available to common shareholders / Shareholder's Equity
[d] Current Asset / Current Liabilities
[e] Earnings before interest and taxes / Interest Expense
[f] (Borrowings – Cash) / Shareholder's Equity
[g] Total Assets / Total Equity
[h] Shareholders' Equity (available to owners of the Parent) / Weighted average outstanding number of common shares

SCHEDULE B

D&L Industries, Inc. and Subsidiaries

Amounts Receivable from Directors, Officers, Employees, Related Parties
and Principal Shareholders (Other than Related Parties)
December 31, 2021
(All amounts in Philippine Pesos)

Name of Related Party	Balance at beginning of year	Additions	Collections/ Payments	Total	Current	Balance at end of year
Due from related parties:						
Best Value Factory Outlet Corporation	5,581,265	34,715,769	(31,725,907)	8,571,127	8,571,126	8,571,126
FIC Marketing, Inc.	1,594,918	104,677,573	(72,651,988)	33,620,503	33,620,503	33,620,503
Jadel Holdings Co., Inc.	-	228,113	(228,113)	-	-	-
Consumer Care Products, Incorporated	35,900,113	479,589,258	(453,577,689)	61,911,682	61,911,682	61,911,682
FIC Tankers Corporation	199,007	3,061,464	(1,327,262)	1,933,209	1,933,209	1,933,209
LBL Prime Properties Incorporated	1,453,019	18,630,606	(17,524,483)	2,559,142	2,559,142	2,559,142
Malay Resources Inc.	-	1,118,048	(1,118,048)	-	-	-
Ecozone Properties, Inc.	-	17,637,005	(17,637,005)	-	-	-
Endura Product Solutions, Incorporated	-	687,864	(596,740)	91,124	91,124	91,124
	44,728,322	660,345,700	(596,387,235)	108,686,787	108,686,786	108,686,786

SCHEDULE C

D&L Industries, Inc. and Subsidiaries

Amounts Receivable and Payable from Related Parties which are eliminated
during consolidation of financial statements
December 31, 2021
(All amounts in Philippine Pesos)

Name of Related Party	Balance at beginning of year	Additions	Collections/ Payments	Total	Current	Non-current	Balance at end of year
Due from related parties:							
D&L Industries, Inc.	710,522,146	6,127,298,314	(1,789,972,961)	5,047,847,499	47,934,427	4,999,913,072	5,047,847,499
First in Colours, Incorporated	81,174,382	60,594,864	(141,768,946)	300	300	-	300
D&L Polymer and Colours, Inc.	1,982,767	23,354,153	(25,336,920)	-	-	-	-
Aero-Pack Industries, Inc.	10,209,752	459,386,172	(469,508,529)	87,395	87,395	-	87,395
Chemrez Product Solutions, Inc.	372,330,777	1,009,484,342	(1,132,457,485)	249,357,634	249,357,634	-	249,357,634
Oleo-Fats, Incorporated	24,259,820	269,084,821	(293,344,641)	-	-	-	-
Chemrez Technologies, Inc.	64,039,752	83,411,621	(146,741,197)	710,176	710,176	-	710,176
	1,264,522,396	8,032,614,287	(3,999,130,679)	5,298,003,004	298,089,932	4,999,913,072	5,298,003,004

SCHEDULE D

D&L Industries, Inc. and Subsidiaries

Long-term Debt
December 31, 2021
(All amounts in Philippine Pesos)

Title of Issue and Type of Obligation	Amount authorized by indenture	Amount shown under Caption "Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount shown under Caption "Long-term Debt" in Related Statement of Financial Position	Notes
Bonds payable	5,000,000,000	N/A	4,940,005,642	On September 14, 2021, the Group issued P5,000,000,000 fixed rate bonds. The amount comprises P3,000,000,000 ("Series A" bonds) and P2,000,000,000 ("Series B" bonds) fixed rate bonds due in 2024 and 2026, with interest rate of 2.79% and 3.60%, respectively.

SCHEDULE G

D&L Industries, Inc. and Subsidiaries

Capital Stock
December 31, 2021

Title of issue	Number of shares authorized	Number of shares issued	Treasury shares	Number of shares outstanding	Number of shares reserved for options, warrants, conversion and other rights	Number of shares issued to		
						Related parties	Directors, officers and employees	Others
Common shares	18,000,000,000	7,142,857,990	-	7,142,857,990	-	4,346,025,786	312,547,243	2,484,284,961

Annex 68-D

D&L Industries, Inc. and Subsidiaries
No. 65 Industria Street
Bagumbayan, Quezon City

Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration
For the year ended December 31, 2021
(All amounts in Philippine Peso)

Unappropriated Retained Earnings, beginning	**567,955,744**
Net income based on the Parent Company's separate audited financial statements closed to Retained Earnings	1,379,265,392
Less: Non-actual/unrealized income net of tax	
Equity in net income of associate/joint venture	-
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	7,071,576
Fair value adjustment (M2M gains)	-
Fair value adjustment of Investment Property resulting to gain	-
Adjustment due to deviation from PFRS/GAAP - gain	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS/GAAP - loss	-
Loss on fair value adjustment of investment property (after tax)	-
Net income actual earned during the year	**1,372,193,816**
Add (Less):	
Cash dividends declared during the period	(1,364,285,876)
Appropriations of Retained Earnings during the period	-
Reversals of appropriations	-
Effects of prior period adjustments	-
Treasury shares	**-**
	(1,364,285,876)
Total Retained Earnings, as adjusted to available for dividend distribution, ending	**575,863,684**

Annex 68-I

D&L Industries, Inc. and Subsidiaries
No. 65 Industria Street
Bagumbayan, Quezon City

Schedule for Listed Companies with a Recent Offering of Securities to the Public
For the year ended December 31, 2021
(All amounts in Philippine Peso)

(1) Gross & Net Proceeds as disclosed in the final prospectus.
Gross Proceeds P5,000,000,000 & Net Proceeds P4,930,000,000.

(2) Actual Gross & Net Proceeds
Actual Gross Proceeds P5,000,000,000 & Net Proceeds P4,934,873,061

(3) Each expenditure item where the proceeds were used

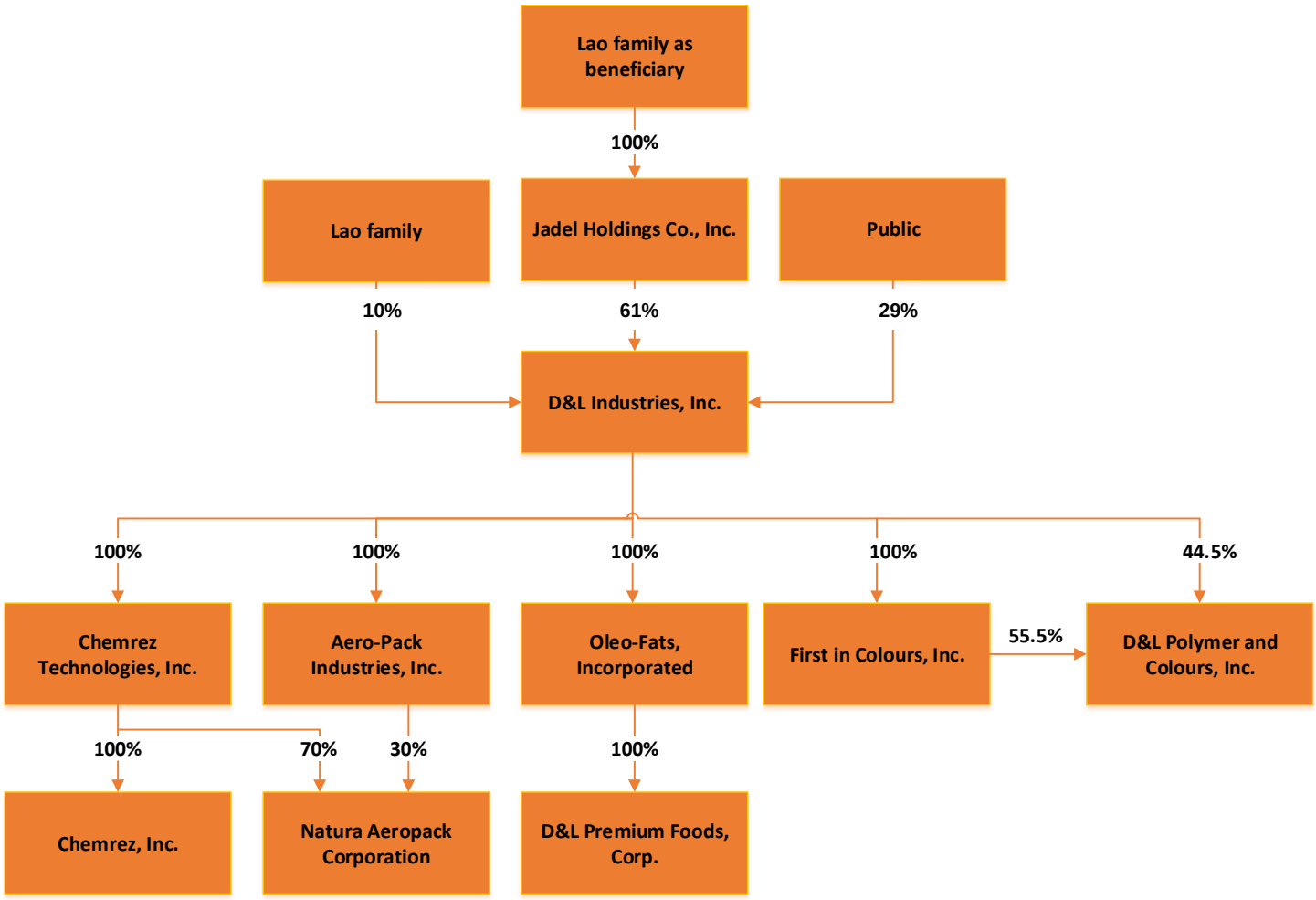
	DLPF	NAC
Loan proceeds	3,000,000,000	2,000,000,000
Capital expenditures for Batangas Plant expansion	(1,659,087,533)	(881,780,242)
Payment of bridge loans and interest	-	(200,000,000)
Security Deposit	(185,166,072)	(268,182,520)
General corporate purposes	(29,378,989)	(3,032,539)
Balance, December 31, 2021	1,127,588,902	647,004,699

(4) Balance of the proceeds as of end of reporting period

	DLPF	NAC
Ending balance CBC bank	1,127,588,902	647,004,699

D&L Industries, Inc. and Subsidiaries

A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
December 31, 2021



D&L Industries, Inc.

Sustainability Report 2021

3rd Annual Update

April 30, 2022

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About the Cover

The cover highlights how building a more sustainable future is a key component in D&L's operations. As the company invests in and prioritizes sustainability through green chemistry, D&L takes care of all its stakeholders, including the environment in which we all live.

About this Report

(GRI 102-1, 50, 51, 52, 53; 103-1)

In line with its commitment to transparency, accountability, and proactive stakeholder engagement, D&L Industries, Inc. ("D&L" or "the Company") has updated its Annual Sustainability Report, reporting the material topics on economic, environmental, and social impacts for the 3rd year ending December 2021.

This report should be read in conjunction with our 2021 Annual Report, and both documents are available online at our website (http://www.dnl.com.ph/).

Likewise, the 2020 & 2019 Sustainability Reports, published on April 27, 2021 and June 30, 2020, respectively, are also available for download thereat.

For questions or feedback, please contact D&L Investor Relations at ir@dnl.com.ph

Message from the President & CEO

(GRI 102-14)

Dear Fellow Stakeholders,

As the world gradually recovers from the pandemic, D&L is emerging more resilient than ever, having instituted various adjustments and operational contingencies. While there are renewed risks to global growth and recovery, the company believes that it is now in a far better position to thrive in an adverse environment and a potentially protracted economic recovery period. Moreover, as most products that the company manufactures cater to basic essential industries such as food, oleochemicals, plastics and cleaning chemicals, the company sees continued strong demand ahead.

As we continue to navigate a permanently changed world, we remain steadfast in our commitment to work in harmony with all our stakeholders in order to create value to our shareholders and the bigger community. We look forward to the completion of our next generation facility by the end of this year. This will be instrumental in our future growth as we plan to develop more high value-added coconut-based products and penetrate new international markets. This new facility also marks our genuine commitment to a more sustainable future as it features state of the art technology and global best practices in incorporating sustainability in operations.

With a strong conviction in the long-term prospects of the businesses we are in, we look forward with eagerness and hope. We are deeply grateful for the trust and support given by our shareholders throughout the years. Rest assured that D&L's management team is working extra hard to continuously enhance shareholder value while building a more sustainable future for all of us.

Alvin D. Lao

Stats & Lists[1]

GRI Ref	Description	UM	2019	2020	2021
201-1	**Direct Economic Value Generated**	**M Php**	**22,386**	**21,739**	**30,855**
	Revenue breakdown				
	Food ingredients	%	57 %	59 %	62 %
	Chemrez	%	25 %	26 %	24 %
	Plastics	%	14 %	12 %	10 %
	Consumer products ODM	%	4 %	5 %	4 %
203-2	**Direct Economic Value Distributed**				
	Payments to suppliers	M Php	16,600	18,943	25,657
	Other operating costs	M Php	1,300	874	1,088
	Employee wages and benefits	M Php	610	1,252	754
	Payments to providers of capital (interest)	M Php		160	142
	Payments to governments (taxes)	M Php	854	885	825
	Community investments (CSR initiatives)	M Php	32	26	21
	Economic Value Retained (dividends)	M Php	2,300	1,307	1,364
204-1	**Proportion of spending on local suppliers**	**%**	**38 %**	**45 %**	**35 %**
205-3	**Incidents of corruption reported**	**Count**	**0**	**0**	**0**
302-1	**Energy usage**				
	Energy consumption	M kWh	243	264	263
	Energy intensity (per thousand Php in net income)	kWh	90	136	106
	Energy intensity (per MT of product)	kWh	963	1,108	1,011
303-5	**Water usage**				
	Water consumption	Cu m	253,655	253,008	270,349
	Water consumption (per thousand Php in net income)	Cu m	97	126	102
	Water intensity (per MT of product)	Cu m	0.78	0.80	0.77
	Air emissions/GHG				
305-1	Direct (Scope 1) GHG Emissions	Tonnes CO_2e	90,792	98,043	97,848
305-2	Energy indirect (Scope 2) GHG Emissions	Tonnes CO_2e	23,947	21,263	20,066
305-6	Emissions of ozone-depleting substances (ODS)	Tonnes	0	0	0
303-4	**Solid waste generated by manufacturing plants**	**Kg**	**4,182,213**	**2,742,194**	**2,906,486**
	Reusable	Kg	380,324	303,439	387,394
	Recyclable	Kg	1,332,330	1,008,815	1,049,109
	Residuals/landfilled	Kg	2,469,559	1,429,940	1,469,983

[1] As we continually improve our data collection and analytics, we restate previous years' figures as needed.

GRI Ref	Description	UM	2019	2020	2021
306-4	**Hazardous waste generated by manufacturing plants**				
	Hazardous waste generated	Kg	151,762	141,726	156,697
	Hazardous waste transported	Kg	64,859	38,480	54,554
307-1	**Monetary fines and non-monetary sanctions for non-compliance with environmental laws and regulations reported**	**Count**	**0**	**0**	**0**
405	**Number of employees**	**Count**		**779**	**810**
	Female	%	46 %	43 %	42 %
	Male	%	54 %	57 %	58 %
	Attrition rate	**%**	**-2 %**	**6.71 %**	**5.14 %**
	Ratio of lowest paid employee at minimum wage	**%**	**0 %**	**0 %**	**0 %**
	Employee benefits (number of employees availing)				
	SSS	Count			238
	PhilHealth	Count			195
	Pag-ibig	Count			196
	Parental leaves	Count			20
	Vacation leaves	Count			810
	Sick leaves	Count			810
	Medical benefits (aside from PhilHealth)	Count			770
	Housing assistance (aside from Pag-ibig)	Count			0
	Retirement fund (aside from SSS)	Count			5
	Further education support	Count			0
	Company stock options	Count			0
	Telecommuting	Count			1
	Flexible-working hours	Count			0
	Total training hours provided to employees	**Hours**	**7,626**	**4,177.0**	**15,185**
	Female	Hours	2,540	1,655.5	6,798
	Male	Hours	5,086	2,521.5	8,387
404-1	**Average training hours provided to employees**	**Hours**		**5.36**	**18.8**
	Female	Hours	7	5.22	19.8
	Male	Hours	12	4.90	18.0
	Employees covered with Collective Bargaining Agreements	**%**	**There are no labor unions in any company locations.**		
	Consultations conducted with employees concerning employee-related policies (In-premises only for on-site personnel)	**Count**	**51**	**10**	**6**
	Employees from indigenous communities and/or vulnerable sector	**Count**	**Present but not explicitly counted.**		

GRI Ref	Description	UM	2019	2020	2021
403	**Safe man-hours**	**Hours**	**2,134,790**	**1,896,768**	**1,261,782**
403-9	Work-related injuries	Count	2	1	0
403-9	Work-related fatalities	Count	0	0	0
403-10	Work-related ill health	Count	0	0	0
	Safety drills conducted (In-premises only for on-site personnel)	**Count**	**21**	**20**	**11**
412	**Legal actions or employee grievances involving forced or child labor**	**Count**	**0**	**0**	**0**
417	**Substantiated complaints on marketing and labelling**	**Count**	**0**	**0**	**0**
417	**Complaints addressed regarding marketing and labeling**	**Count**		**No complaints received.**	
418-1	**Complaints on Customer Privacy**	**Count**	**0**	**0**	**0**
418	**Number of data breaches, including leaks, thefts, and losses of data**	**Count**	**0**	**0**	**0**

Membership of Associations

(GRI 102-13)

Aero-Pack Industries Inc.

Chamber of Cosmetics Industry of the Philippines, Inc. (CCIP)

Cosmetic Toiletry & Fragrance Association of the Philippines, Inc.

Chemrez Product Solutions, Inc.

Philippine Association of Paint Manufacturers, Inc. (PAPM)

Chemrez Technologies, Inc.

Chamber of Cosmetics Industry of the Philippines, Inc. (CCIP)

Entrepreneurs' Organization Philippines (EO)

Metalworking Industries Association of the Philippines, Inc. (MIAP)

Philippine Oleochemical Manufacturers Association (POMA)

Philippine Parts Maker Association, Inc. (PPMA)

Private Label Manufacturers Association (PLMA)

The Philippine Biodiesel Association (TPBA)

United Coconut Associations of the Philippines (UCAP)

D&L Industries, Inc.

Association of Petrochemical Manufacturers of the Philippines (APMP)

Entrepreneurs' Organization Philippines (EO)

Financial Executives Institute of the Philippines (FINEX)

Management Association of the Philippine (MAP)

Packaging Institute of the Philippines (PIP)

Wallace Business Forum (WBF)

D&L Polymers & Colours, Inc.

Technical Committee On Electric Wires And Cables (TC1)

First in Colours, Inc.

Philippine Plastics Industry Association, Inc. (PPIA)

Oleo-Fats Incorporated

American Oil Chemists' Society (AOCS)

Packaging Institute of the Philippines (PIP)

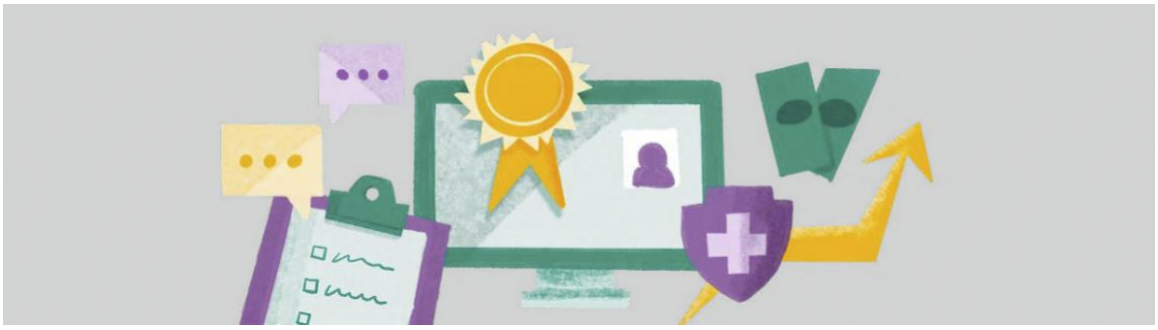
Philippine Association of Food Technologists, Inc. (PAFT)

Philippine Chamber of Food Manufacturers, Inc. (PCFMI)

Roundtable on Sustainable Palm Oil (RSPO)

Awards & Recognition

Awarded by	Award	2013	2014	2015	2016	2017	2018	2019	2020	2021
AsiaMoney	*Best Managed Company - Small Cap Category (Philippines),* ***Candidate***		✓							
	Most Outstanding Company in the Philippines (Industrial Sector)									✓
Asian Development Bank	*Top 50 Best-Performing Philippine-listed Companies - ASEAN Corporate Governance Scorecard*		✓	✓						
Campden FB	*Top 50 Global Challengers*					***2nd***				
CLSA	*Top 10 Governance and Sustainability Report*		✓							
Dowjones	*Islamic Market ASEAN Index*	✓								
Finance Asia	*Best Mid-Cap Company*		***3rd***	***1st***	***1st***		***2nd***	***1st***		
	Best CFO, ***Alvin D. Lao***			***2nd***						
	Best Investor Relations			***9th***				***7th***		
Forbes	*Asia's 200 Best Under a Billion*			✓	✓					
FTSE	*Global Equity Index Asia-Pacific ex Japan All Cap & Small Cap*			✓						
ICD	*ACGS Golden Arrow Recognition,* ***1-arrow***							✓		
Institutional Investor	*Most Honored Company*					✓				
	Best CEO, ***Alvin D. Lao***					✓				
	Best Investor Relations Program					***3rd***		✓		
	ASEAN Honored Company							✓	✓	
	Best CEO in the Philippines, ***Alvin D. Lao***							✓	✓	
	Best CEO in ASEAN, ***Alvin D. Lao***							***2nd***		
	Best Investor Relations Professional in the Philippines, ***Crissa Bondad***							***3rd***	***2nd***	
	Best ESG & Corporate Governance Initiatives in the Philippines							***2nd***		
	Best IR team								***3rd***	
	Best ESG								***3rd***	
IR Magazine	*Best IR by a senior management team - Small & mid-cap - South East Asia,* ***Alvin D. Lao CFO***			✓						
	IR Rising Star, ***Crissa Bondad***									✓
MSCI	*Global Small Cap Index*	✓								



About the Company

(GRI 102-2, 5, 45; 103-1)

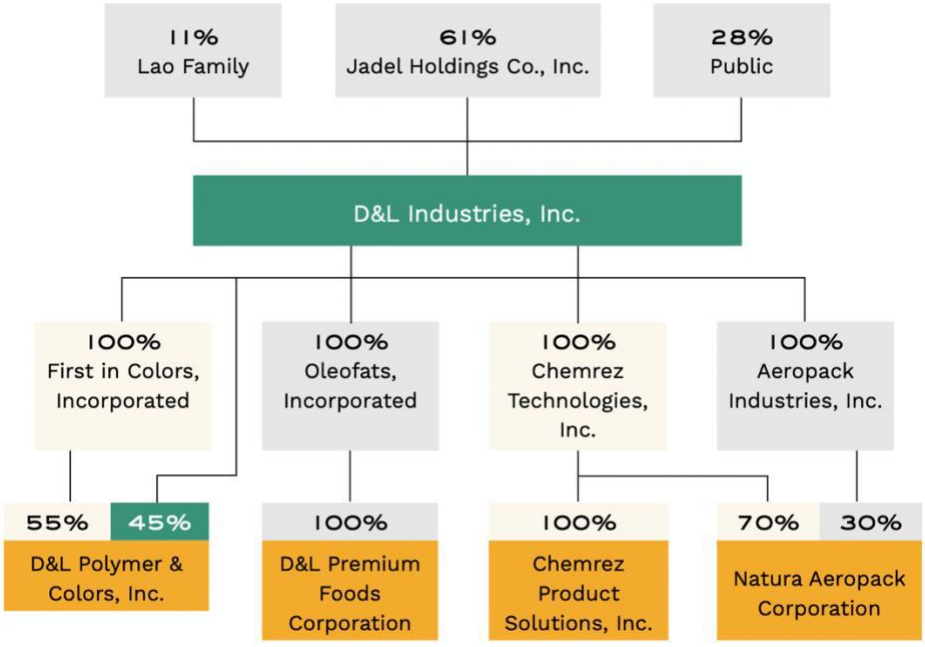
D&L Industries is a Filipino company engaged in product customization and specialization for the food, chemicals, plastics and consumer products ODM industries. The company's principal business activities include manufacturing of customized food ingredients, specialty raw materials for plastics, and oleochemicals for personal and home care use.

With a track record that spans over five decades, D&L has established itself as the dominant market leader in the industries it serves. It also enjoys long-standing customer relationships with the Philippine's leading consumer and manufacturing companies.

As the majority of the products that the company manufactures cater to basic industries such as food, oleochemicals, plastics, and sanitation chemicals which are considered essential, the company sees continued strong demand for its products amidst the currently challenging business environment brought about by the COVID-19 pandemic.

The company was incorporated on July 27, 1971. It was listed on the Philippine Stock Exchange on December 12, 2012. It is 72% beneficially owned by the Lao family, the rest by the public. The Company's registered office address and principal place of business is 65 Calle Industria, Brgy. Bagumbayan, Quezon City Philippines.

This sustainability report covers all the companies under D&L Industries as follows:



Our Business Presence[2]

(GRI 102-2, 6)

BUSINESS SEGMENT	OPERATING COMPANY	PRODUCTS & SERVICES	GEOGRAPHIC LOCATION
FOOD INGREDIENTS	Oleo-fats, Incorporated D&L Premium Foods Corp.*	Fats & oils, specialty food ingredients, food safety products	Domestic + exports mostly to Asia plus to US & EU
OLEOCHEMICALS & SPECIALTY CHEMICALS	Chemrez Technologies, Inc.	Oleochemicals (coco-biodiesel & high value coconut derivatives)	Domestic + Exports to Asia & developed economies such as US, UK, EU, AU
	Chemrez Product Solutions, Inc.	Resins, colorants, powder coating	
SPECIALTY PLASTICS	D&L Polymer & Colours, Inc.	Engineered polymers for various applications such as auto, construction, electrical, etc.	Domestic + exports to Asia
	First in Colours, Incorporated	Pigment blends, color and additive masterbatches	Predominantly domestic
CONSUMER PRODUCTS ORGINAL DESIGN MANUFACTURER (ODM)	Aero-pack Industries, Inc.	Consumer products for personal and home care applications in aerosol or bottle packaging	Predominantly domestic
	Natura Aeropack Corporation*		

[2] The subsidiaries, D&L Premium Foods Corp. and Natura-Aeropack Corporation, were at pre-operating stage for the full-year 2021. They are PEZA registered companies and will export to Asia and developed economies.

Our Export Markets

(GRI 102-6)

Americas	Asia-Pacific			EMEA		
Canada	Australia	Japan	South Korea	Belgium	Italy	Russia
Colombia	Bangladesh	Malaysia	Sri Lanka	Czech Republic	Lebanon	Saudi Arabia
Mexico	China	Myanmar	Taiwan	Egypt	Netherlands	Spain
Uruguay	Hong Kong	New Zealand	Thailand	Germany	Poland	Turkey
USA	India	Pakistan	Vietnam	Iran	Qatar	UAE
	Indonesia	Singapore		Israel	Romania	UK

Who we are

(GRI 102-16; 103-1, 2)

OUR VISION

To excel and be the leader in the industries we serve.

OUR BELIEFS

Progress and development can be realized only through the combined efforts and cooperation of each member of our organization from the highest to the lowest.

Dedication to meeting customers' expectations and needs by providing them the best value from our products and the best service, through the combined efforts and cooperation of each member of the organization.

Passion for excellence in providing intelligent, responsible, and capable direction in the conduct of the business.

Conviction to manage company activities on the basis of the highest standards of conduct and ethics.

OUR VALUES

PASSION TO LEAD

Drive to excel
Discipline and hard work
Positive attitude

BEING HONEST, FAIR, AND HUMBLE

Integrity and honesty
Fairness and humility

CARING TOGETHER

Gratitude and appreciation
Harmony and cooperation
Courtesy and respect for others

OUR MISSION

We are dedicated to growth. We are not complacent, timid, or satisfied with the status quo.

We are research-oriented. We will keep abreast of the latest technology and have our fingers on the pulse of the market to identify the market needs that must be met.

We are committed to increase productivity and profitability, but not at the expense of ethics.

We will continuously enhance our reputation for quality and value. Our products and services must always represent good value for money and be competitive in the marketplace.

We will maintain our market leadership through creativity, innovation and excellence in performance tempered with experience.

We are proud of our employees. We consider them as our most valuable asset. We will maintain an atmosphere where our people can develop their abilities and potential while working together enthusiastically to achieve our goal.

We will contribute to the well-being of the communities in which we operate, and accept our responsibilities as citizens of the Philippines.

The Board regularly revisits the Company's Mission statements at the end of every fiscal year. This is undertaken to ensure the statements remain relevant and accurate in depicting the Company's objectives and strategies.

Ushering the Way to a More Sustainable Future

D&L Industries is cognizant that building a more sustainable future is a strategic action to future-proof the business. In order to continue delivering value-added services and enhancing shareholder value, what follows are the key themes that will drive the company's sustainability journey in the near to medium term.

Next generation facility in Batangas

(GRI 304-2; SDG 15.9)

The company is currently embarking on a next generation expansion plan which is expected to add a meaningful capacity. The new facility sits on a 26-hectare property in First Industrial Township - Special Economic Zone in Batangas.

Once completed, the new plant will be instrumental to the company's future growth, in line with plans to develop more high value-added coconut-based products and penetrate new international markets. It will mainly cater to D&L's growing export business in the food and oleochemicals segment. It will add the capability to manufacture downstream packaged products, thus allowing the company to capture a bigger part of the production chain. For instance, while the company primarily sells raw materials to customers in bulk, the new plants will allow it to "pack at source". This means that D&L will have the ability to process the raw materials and package them closer to finished consumer-facing products.

This will enable D&L to move a step closer to its customers by providing customized solutions and simplifying their supply chain, which is of high importance given global logistical challenges and concerns.

The new facility is envisioned to showcase state of the art technology in manufacturing as well as global best practices in incorporating sustainability in operations. Below are some of the key sustainability features of the said facility.

Sustainably designed buildings and a central command center. Energy and water efficiency, C02 emission reduction, and excellent indoor air quality are incorporated in the overall design of the new facility. In addition, a central command center will house the monitoring of all key environmental elements. It will also house the centralized security, risk management, and business continuity departments of the company.

Renewable energy sources. A significant portion of the new facility's power requirement will be coming from solar power. In addition, the company is also exploring other renewable energy sources as fuel for its manufacturing plants.

Chilled water system. All cooling requirements of the new facility will be centralized. This is expected to translate into greater energy efficiency and lower maintenance costs.

Water retention system. Surface run-off and rainwater will be collected in a water retention pond which can store up to 5 days' worth of the plant's water requirements. This is expected to mitigate risk of water scarcity.

Sensors throughout the facility. Several sensors will be installed throughout the facility to monitor various indicators such as water turbidity and acidity levels, effluent leakage and other possible contamination. With sufficient sensors installed, any abnormal reading will be easily detected and a corresponding corrective action can be promptly done.

Continuous Emission Monitoring System (CEMS). While not required by the Department of Environment and Natural Resources (DENR), the company intends to install its own CEMS to consistently test boiler emissions. This is part of the company's initiatives to track and reduce its overall emissions.

Noise monitoring system. In order to monitor and minimize noise pollution, noise monitors and sensors will be installed in the noisiest part of the plant to ensure adherence to the limits set by the park and to also ensure the surrounding communities are not adversely affected.

Tree planting. The company intends to do a tree planting activity to surround its new site with hybrid coconut trees. At the time of writing, this project is still pending approval from the industrial park management.

Existing facility renovation incorporating sustainability

The LBL Building has been the headquarters for the D&L group since 1981. The heritage building was due for several upgrades in line with the growth of the business and new building codes. The company decided to invest in the extensive renovation of the building to invest in the company's most important asset: its people.

Through efficient design, the capacity of the building was doubled, and staff facilities and workspaces were upgraded. All works were done while all business functions remained fully operational. This year, the company is proud to celebrate the LBL Building's 40th birthday with the following installations, sustainable features & improvements:

Efficient Design & Systems for Employee Work Environment & Wellbeing

- Fresh Air System with ERV (Energy Recovery Ventilator) for fresh air, filtering and removal of allergens/toxins for indoor workspaces. It is designed for 12 air exchanges/hour to exceed ASHRAE62.1-2010 indoor air quality standard (2-3 air exchanges) for better staff health and focus
- Activated main stair to encourage office hour exercise
- Training & meeting rooms with video conferencing capabilities
- Acoustic improvements all throughout the building
- Phone booths to give staff a place to have calls privately
- Clinic, Nursing Room and PWD/All Gender toilet provision
- CPS Pump to improve overall potable water distribution
- Water purifier (reverse osmosis) to improve water quality and keep staff hydrated
- IP phone system upgrade to save costs & improve call clarity
- Use of in-house products eg. powder coating, waterproofing, paints/colorants & special paint effects

Sustainable Equipment, Fixtures & Materials

- Electrical metering for monitoring of total building energy use
- Installation of sewage treatment plant (STP) with effluent to water the gardens (only property on Calle Industria with a garden)

- 100% LED lights that are extremely energy efficient and low power consumption
- Carpets made of renewable fibers using non-toxic glues for installation
- Engineered wood made with non-toxic adhesives and finishes
- Water-based, low-VOC paints which do not present an explosion hazard
- UV resistant, non-toxic, low-VOC waterproofing
- Aluminum Composite Panel Façade with solar reflectance instead of absorbing radiant energy
- Low flow faucets with up to 20% water saving with sensors to prevent cross-contamination between users
- Water closets with 0.8 gallon per flush (GPF) flow rate and 0.125GPF for urinals

Safety and Security

- 24/7 CCTVs to keep track of what is happening at the premises
- Addressable smoke detectors to quickly identify the location of a potential emergency
- Additional fire exits
- Essential sanitation procedures and signages
- Non-smoking building & grounds policy
- Automatic Fire Sprinkler System
- FM200 Fire Suppression System for Server and UPS Rooms

Maintenance

- Facility management technical team for proper maintenance of equipment
- Ozone generators and air purifiers for additional sanitation of work areas

Green Chemistry and sustainable products

(SDG 9.4; 9.5)

The company has been practicing Green Chemistry for a long time now even before ESG became mainstream. And with the increasing awareness on health, safety, and the environment, the company intends to capitalize further in developing products which are inherently sustainable. Moreover, the company sees huge potential in incorporating Green Chemistry to improve processes and yield.

Natural and sustainably sourced coconut-derived oleochemicals

With coconuts being very abundant in the country, and with the Philippines being one of the world's largest exporters of coconut oil, the company sees a huge potential in developing coconut-based oleochemicals which are a good natural and sustainable candidate for replacing traditional petroleum-based raw materials for various applications.

As the world shifts towards a more sustainable consumption, D&L is primed to benefit from this trend given its strong and growing portfolio of renewable, sustainable, and low carbon footprint products that are relevant in the new normal. The company always looks beyond the Philippines and sees a huge export opportunity for these types of products.

These are some of the coconut-based oleochemicals that the company manufactures. These products are formulated with natural and sustainable ingredients.

LIQUID COCONUT OIL

A medium chain triglyceride enriched coconut oil that stays liquid up to 5 degree centigrade. It is used in food and beverage applications and as carriers for flavors, colors, and vitamins.

PERSONAL AND HOME CARE APPLICATIONS

SAVONEL

A coconut soap to replace petroleum-derived surfactants to make body wash, hand wash, laundry and dishwashing soaps. Being natural, it has a smaller carbon footprint and makes personal hygiene & household rinse-off cleaning products easily biodegradable.

COCOPURE

A range of natural light emollients derived from coconut oil. It moisturizes and protects dry skin without leaving skin greasy. It is an excellent substitute for petroleum-derived products such as mineral oil in the formulation of skin and hair care products. It also contains an antioxidant that helps skin to reduce cell damage and provides skin barrier by forming a thin layer on skin.

COCOLATUM

An all-natural moisturizer, lubricant or ointment for skin that is derived from coconut. It is rich in Lauric acid which is known for its antibacterial property. It forms a thin layer that acts as a skin moisture barrier and contains an antioxidant that helps reduce cellular damage.

COCONUT BUTTER

A skin butter designed for intensive moisturization. It is rich in lauric acid that is known for its natural antibacterial property that can help reduce acne. It aids in skin's natural collagen production and smoothens the skin.

NAT PRO

A natural preservative for cosmetic products. It is a proprietary preservative which functions as a natural broad-spectrum antimicrobial and preservative actives, co-emulsifier and refatting actives.

PETROLEUM AND OILFIELD APPLICATIONS

COCO METHYL ESTER (CME) OR BIODIESEL

A fuel oil enhancer derived from plant oil. It exhibits fuel properties superior to petroleum diesel to improve the operation of compression ignition engines, it optimizes engine performance through its many unique quality enhancing features. D&L exclusively uses coconut oil as feedstock for its biodiesel.

LUBRICOTE

A plant-based lubricant formulated from ester-based synthetic oil. It has superb features of effectively penetrating into the core and serves as a rust inhibitor for corrosion control in the inner and outer surfaces of the wirerope, cable, or chain.

SURFASOL / DISPERSA

An organic, plant based and non-aromatic solvent. It can be used as a solvency enhancer in the formulation of solvents and cleaners for various applications such as printing ink, paint, household cleaners, and oil and gas industries.

PLASTICS AND OTHER INDUSTRIAL PRODUCTS INSPIRED AND GUIDED BY GREEN CHEMISTRY

As a part of the Green Chemistry initiative, material sustainability for polymers is a major company innovation goal and R&D driver. As plastic pollution becomes more evident, sustainable solutions for every process chain of the waste treatment became a necessity and an opportunity. The company's plastic division has developed a wide range of product solutions which capitalize on various approaches to combat plastic pollution.

REUSABLE AND DURABLE MATERIALS

For reduced plastic footprint

PROFLEX® GLASS-FILLED COMPOUNDS

Polymer compounds for high durability and high performance applications. This allows typical plastics to have longer service lives.

UPCYCLING INITIATIVES

For residual plastic management

UPCYCLED™

An initiative and partnership to convert residual plastic wastes (no value and non-recyclable plastic waste like sachets) to higher value plastic products.

RECYCLING INITIATIVES

For reduced plastic footprint

POLYGARD® ANTI-OXIDANT STABILIZERS

Polymer additives to improve the processing cycle of most polyolefins plastics. This allows PE, HDPE, & PP to be more recyclable and resistant to processing degradation.

PLASTIBOND® BONDING AGENT

Plastic additive which allows the inclusion of contaminants in the processing of recycled polyolefin based products. This gives manufacturers the edge to increase the recycled content of their process.

COMPOSTABLE INITIATIVES

For biodegradable alternative plastics

BIOREZ® COMPOSTABLE POLYMER

Alternative plastic material for incumbent polymers. Fully biodegradable and bio-based materials which promote sustainable waste management and cradle-to-cradle material cycle.

BIO-BASED INITIATIVES

For improved carbon footprint goals

DESIGN CENTER - BAKONG PROJECT

A DTI Design Center-initiated project to use invasive indigenous plant materials for higher value products. The project is geared towards the use of Crinum asiaticum, locally known as “bakong”, in wood-like plastic products which showcases the strength of fibers in polymer products. This is coupled with the bio-based materials used in Biorez® and similar technologies to produce environmentally sound materials while sustaining community-government-industry engagements.

BIOREZ® BIO-BASED COMPOUNDS

Polymer compounds made from sustainable and renewable materials. The product portfolio enables application-specific formulation which require renewable polymers or materials.

MATERIAL & ENERGY OPTIMIZATION

For improved carbon footprint goals

POLYMATE® PROCESS AND MATERIAL OPTIMIZATION ADDITIVES

Set of additive packages formulated for improving extrusion processes and material utilization of plastics. This allows converters to experience more efficient energy utilization, higher throughput of the extrusion machine and better material utilization.

HI-PURGE® EXTRUDER CLEANING AND MAINTENANCE COMPOUNDS

Efficient cleaning compound to reduce the excessive use of pristine materials for cleaning and material shift during transitions. Efficient cleaning also enables lower energy and material utilization, along with faster down-times during machine maintenance or process transitions.

COLORMATE® WHITE MASTERBATCHES FOR LAMINATES

Color additive to impart white color used for printing background in sachets and laminate packaging. This enables manufacturers to reduce the use of solvents in printing inks for white backgrounds.

ENVIRONMENTALLY-FRIENDLY AGRO CHEMICALS

The company also manufactures a line of environmentally friendly agro chemicals which are organic, safe, and effective.

ENVIRONMENTALLY-FRIENDLY AGRO CHEMICALS

ACTIV AJ28® AND CROPGUARD®

Organic Spray Oils with high biodegradability and excellent wetting and spreading characteristics. They have insecticidal and fungicidal properties and are highly recommended for organic or less chemical farming.

BIOMATE FOLIAR FERTILIZER

An emulsifiable concentrate (EC) containing the primary nutrients N,P,K; with secondary and necessary micronutrients vital to plant growth and development. The nutrients are made readily assimilable for plant use through the use of organic chelates. It is safe and effective for a wide variety of crops e.g. grain crops, plantation crops, legumes, fruit bearing trees, fruit and leafy vegetables, orchard, and ornamentals.

R&D as the foundation for a sustainable future

(SDG 9.4)

One of D&L's core advantages is its strong R&D capabilities allowing it to customize solutions and offer innovative product offerings to its customers which help them stay ahead of the competition. D&L puts strong emphasis in keeping abreast of the latest technology and having its fingers on the pulse of the market to identify the market needs that must be met. About 14% of the company's workforce are in technology-related roles.

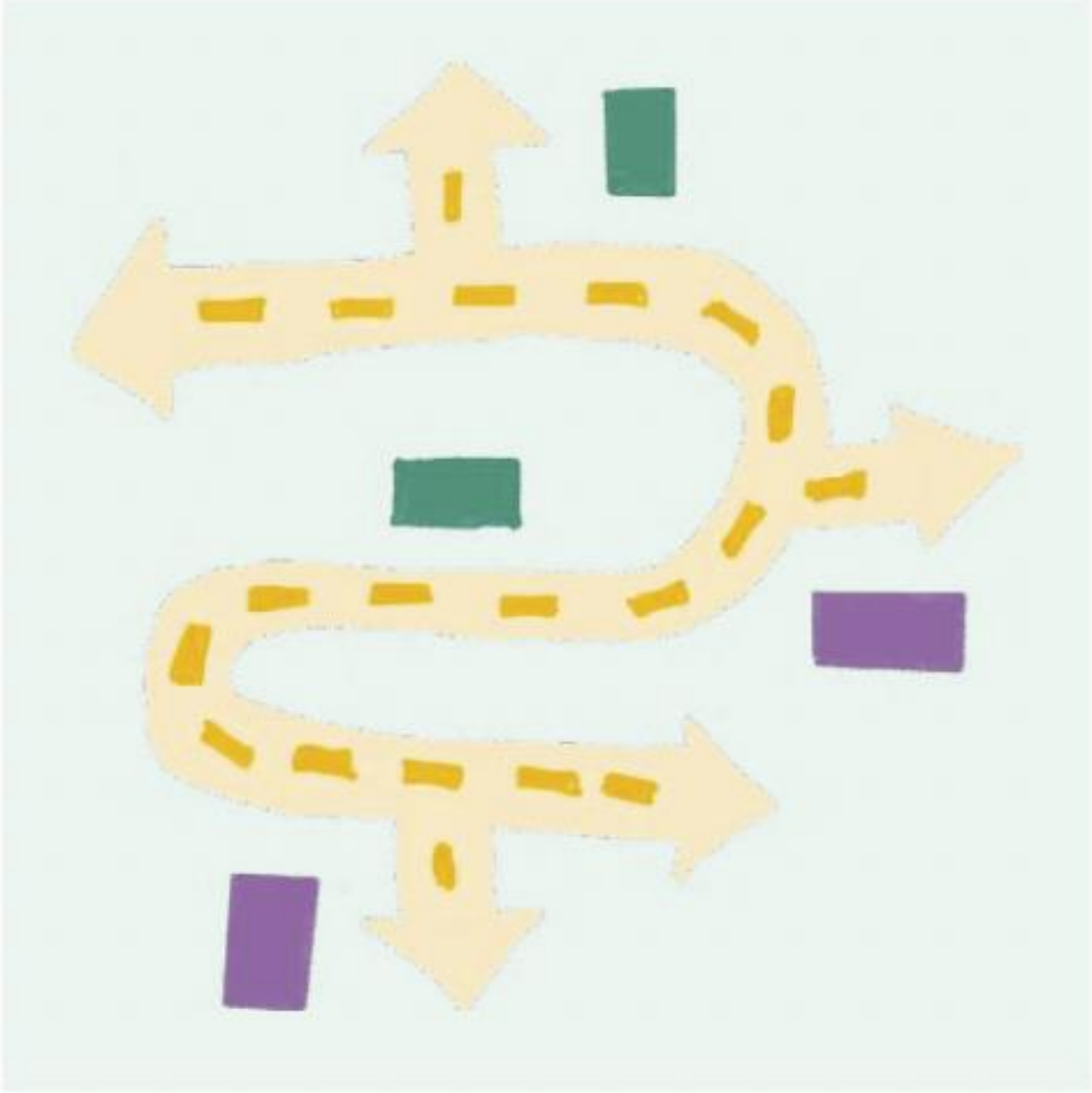
In the past, the company has successfully helped its customers adapt to the changing consumer preferences. As a leading B2B company, D&L works hand in hand with its customers in tweaking their product formulation in order to make them more economical, appeal better to the market, and even more environmentally friendly. D&L anticipates more of these opportunities moving forward, especially in the field of making product formulation more sustainable.

As such, the company is strategically positioning itself by investing further in R&D to equip itself and stay ahead of the curve in offering customers innovative and sustainable product solutions.

The Sustainability Frameworks & Standards

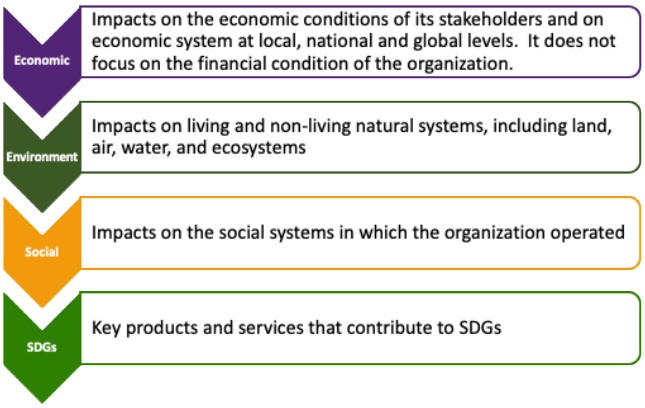
This report has been reformatted to highlight the frameworks & standards used:

The Philippine SEC Sustainability Framework
The United Nations Sustainable Development Goals (UN SDG)
The Global Reporting Initiative Standards (GRI)



Philippine SEC Sustainability Framework

On February 15, 2019, the Philippine Securities and Exchange Commission (SEC) issued Memorandum Circular No. 4, Sustainability Reporting Guidelines for Publicly Listed Companies (PLCs), and provided a Sustainability Reporting Framework and a reporting template for such reporting by Philippine companies.



Significantly, the SEC's approach relied heavily on global sustainability standards, allowing us to cross-reference and align with the GRI Standards and the UN SDGs.

United Nations Sustainable Development Goals (UN SDG)

D&L Industries is strongly committed to support specific targets of the United Nations' Sustainable Development Goals (SDGs) in areas which the company can have significant positive impact.

In the context of the United Nations Sustainable Development Goals for the year 2030, the Company has identified the following twelve (12) Goals and twenty-two (22) Targets.

Target 1.2

By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

Related Material Topics:

Economic Performance
Employee Management

The company contributes to poverty reduction through the economic value added it generates. And with continued capital reinvestment and expansion plans in the horizon, the company is expected to generate higher economic value moving forward. This translates to better financial and economic capacity of its stakeholders such as its employees, suppliers, customers, government and the communities the company is in.

The company strongly believes that education is the fundamental solution to poverty. Through its partner foundation, Lao Foundation, Inc. (LFI), D&L provides full scholarships to deserving students in need within the communities it operates. The company also has various value formation programs for the less fortunate.

The company, through LFI, provides on the job training to the scholars of Don Bosco and Dualtech Training Center. This helps the students be better equipped for real life work.

Target 3.8

Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

Related Material Topics:

Employee Management

Beyond standard and mandated benefits, the Company implements programs safeguarding the health and welfare of its workers and their families, including financial risk alleviation.

Health	Insurance	Financial Risk Alleviation
Clinics in selected facilities	Group life insurance	Retirement plan
Doctor & nurse consultations	Group accident insurance	Bereavement assistance
Annual physical examination		
Annual medicine subsidy		
HMO		
Maternity assistance		

Target 4.3	**Related Material Topics:**
By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	Focus on the Youth
Target 4.4	**Related Material Topics:**
By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	Focus on the Youth

The company is proactive in providing various training programs and opportunities for further education to its employees via its Infinite Learning Team. It also provides avenues for learning and development to high potential employees through its Talent Management Team.

The company, through the Lao Foundation, engages in diverse projects under four core programs: the Partner-Based Educational Program, the Community-Based Educational Program, the Lao Boh Lim Educational Program, and the Evelyn Lee Lao Teacher's Welfare Program. Projects outside these core programs that are deemed worthwhile and responsive to an assessed need are placed under Special Assistance Project. LFI endeavors to provide target beneficiaries access to projects incorporated with values formation activities for holistic transformation of their lives.

Target 5.1	**Related Material Topics:**
End all forms of discrimination against all women and girls everywhere	Employee Hiring and Benefits Employee Training & Development Diversity and Equal Opportunity The Way We Care for Our Stakeholders

Target 5.5	**Related Material Topics:**
Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	Employee Hiring and Benefits Employee Training & Development Diversity and Equal Opportunity The Way We Care for Our Stakeholders Board Members

The company does not discriminate on the basis of any social category. All employees are treated equally, and are afforded equal opportunities to learn and to progress in the workplace. Hiring, succession and all other business decisions are based on competence and quality of work.

Female employees account for about 42% of the company's workforce. In addition, 3 out of the 4 independent directors on the company's Board are women.

Target 7.2	**Related Material Topics:**
By 2030, increase substantially the share of renewable energy in the global energy mix	Resource Management
Target 7.3	**Related Material Topics:**
By 2030, double the global rate of improvement in energy efficiency	Resource Management

The company actively undertakes various initiatives to improve its energy efficiency. These initiatives include the use of LED lights, installation of motion detector lights, optimizing production schedule, and regular maintenance, among others.

Through its biodiesel business, which uses coconut oil as feedstock, the company is able to promote a cleaner and more sustainable alternative to diesel. Biodiesel lowers the emission of nitrous oxides and sulfur oxide—the main contributors to smog. It also significantly reduces pollutants such as black smoke and air toxics that cause lung cancer, pulmonary tuberculosis, pneumonia, bronchitis, heart attack, and stroke.

For its new facility in Batangas, the company is exploring the use of renewable energy sources to fuel its operations

Target 8.2	**Related Material Topics:**
Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors	**Economic Performance** Employee Hiring and Benefits Employee Training & Development Diversity and Equal Opportunity Focus on the Youth
Target 8.5	**Related Material Topics:**
By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	Employee Hiring and Benefits Employee Training & Development Diversity and Equal Opportunity Focus on the Youth
Target 8.6	**Related Material Topics:**
By 2020, substantially reduce the proportion of youth not in employment, education or training	Employee Hiring and Benefits Employee Training & Development Diversity and Equal Opportunity Focus on the Youth

The company, through its ordinary course of business and its subsidiaries, provide numerous quality jobs for the communities it operates in. In its pursuit of innovation, the company invests heavily in research and development, thus encouraging the diversification of its supply chain and the growth of the enterprises it engages with.

Target 9.4	**Related Material Topics:**
By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	**Economic Performance**
Target 9.5	**Related Material Topics:**
Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending	**Economic Performance**

The company is shaped and driven by R&D and disciplined innovation. It is probably the biggest employer of chemists in the Philippines, outside of academe. Technology staff account for about 14% of the company's total manpower.

The company is committed to keep itself abreast of the latest technology and to have its fingers on the pulse of the market to identify the market needs that must be met with sustainable solutions.

Through automation and installation of latest equipment, the company is able to increase its production yields and decrease generated waste.

With a plan to engage in IOT4.0 in the next 4-5 years, the company plans to upskill its employees to be able to perform more complex tasks.

Target 10.3	**Related Material Topics:**
Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard	Employee Hiring and Benefits Employee Training & Development Diversity and Equal Opportunity Focus on the Youth

The Company actively espouses equality and diversity throughout its values, policies, and advocacies, as could be seen in the way it deals with employees, partners, suppliers, and members of local communities it operates in. Beyond gender neutrality, we also protect, preserve, and enhance the welfare of the youth, the elderly, and persons with disabilities.

Target 12.4	**Related Material Topics:**
By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their lifecycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	**Resource Management** **Environmental Impact Management** **Environmental Compliance**

Target 12.5	**Related Material Topics:**
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	**Resource Management** **Environmental Impact Management** **Environmental Compliance**

Target 12.8	**Related Material Topics:**
By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	**Customer Management** Health and Safety ISO Certifications

Through its various resource management initiatives, the company constantly strives to make its operations as efficient and sustainable as possible.

The company actively promotes its various innovative product offerings that are natural, organic, and sustainable. This helps in spreading global awareness about sustainable development and lifestyles that are in harmony with nature.

Target 13.1	**Related Material Topics:**
Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Climate-Related Risks & Opportunities **Resource Management** **Environmental Impact Management** **Environmental Compliance** Civic Action

The company supports energy efficiency in its operations. Furthermore, for its expansion plans in Batangas, the company is exploring renewable energy sources. A significant portion of the new plant's power requirement will be coming from solar energy. In addition, the company has invested in steam boilers that utilize biomass energy.

Through its biodiesel business, which uses coconut oil as feedstock, the company is able to promote a cleaner and more sustainable alternative to diesel.

Target 15.9	**Related Material Topics:**
Integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts	Climate-Related Risks & Opportunities **Resource Management** **Environmental Impact Management** **Environmental Compliance** **Ecosystem & Biodiversity**

The company is cognizant that protecting life on the planet is synonymous with ensuring the long-term survival of its business. The company is fully-compliant, and in many cases implement stricter measures than what is required by relevant environmental laws.

The construction of the company's next generation facilities in Batangas is central to its intention of integrating sustainability into its operations. In order to protect our planet and further minimize its ecological footprint, D&L intends to use more environmentally friendly and sustainable fuel. The company also intends to build environmentally-certified buildings and conduct tree planting activities in the area.

Target 16.5	**Related Material Topics:**
Substantially reduce corruption and bribery in all their forms	**Anti-Corruption** **Supply Chain Management**
Target 16.6	**Related Material Topics:**
Develop effective, accountable and transparent institutions at all levels	**Corporate Governance**
Target 16.7	**Related Material Topics:**
Ensure responsive, inclusive, participatory and representative decision-making at all levels	**Corporate Governance**

Target 16.10	**Related Material Topics:**
Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements	Customer Privacy **Data Security**

The company is firm in its stand to abide by human rights in all its dealings within and outside its subsidiaries. It operates within a strict code of corporate governance, and expects the same from its suppliers through a thorough supplier assessment process.

Open employee-management communication is of prime importance to the company due to its culture as a family business. Feedback and grievances are always welcome without any fear of repercussions. Issues are oftentimes resolved before escalating into conflicts.

Global Reporting Initiative (GRI) Standards

(GRI 102-46, 47, 50, 52, 54; 103-1)

This report is prepared in accordance with the Global Reporting Initiative (GRI)[3]. The material topics herein cover the economic, environmental, and social impact of the Company and its subsidiaries.

The sustainability information contained herein covers reporting from January to December 2021 and discusses assets within D&L's organizational boundary.

This report has been prepared in accordance with the GRI Standards: Core option.

This Sustainability Report features the Company's material topics on:

Economic Impact

Economic Performance

- Direct Economic Value Generated and Distributed
- Climate-related risks and opportunities

Procurement Practices

Anti-Corruption

- Training on Anti-Corruption Policies and Procedures
- Incidents of Corruption

Environmental Impact

Resource Management

- Energy consumption within the organization
- Water consumption within the organization
- Materials used by the organization

Environmental Impact Management

- Air emissions/GHG
- Air pollutants
- Solid waste
- Hazardous waste
- Effluents

Environmental Compliance

Ecosystem & Biodiversity

Social Impact

Employee Management

- Employee Hiring and Benefits, Employee Data
- Employee Training & Development
- Labor-Management Relations
- Diversity and Equal Opportunity

Workplace Conditions, Labor Standards, and Human Rights

- Occupational Health and Safety
- Labor Laws & Human Rights

Supply Chain Management

Relationship with Community

[3] The current versions of the following documents are referenced in this report:

GRI 101: Foundation 2016
GRI 102: General Disclosures 2016
GRI 103: Management Approach 2016
GRI Standards Glossary 2020

Economic Impact

Environmental Impact

Social Impact

Customer Management

- Customer Satisfaction
- Health & Safety
- Marketing & Labeling
- Customer Privacy

Data Security

Management Approach

(GRI 103-1, 2)

The management approach is built on our Company's rich history, codified into our vision, mission, beliefs, and corporate values. Upon this foundation, the Code of Business Principles (COBP) further defines our Company's soul, espousing good corporate governance, ethical business practices, and high standards of personal conduct & behavior, internally and externally, among and across our various stakeholders.

At the Board level, these foundations are reviewed and assessed annually to ensure the Company remains relevant with the changing times. At the Management Committee level and down through the executive ranks, leadership strictly adheres to these core principles, setting the example for the humblest stakeholder. On the operational level, the Company's relevant core and support departments (e.g. Internal Audit, Human Resources, Infinite Learning, and Talent Management) are empowered to develop, implement, and monitor the policies & programs targeted at all internal and external stakeholders.

In the course of preparing our first sustainability report, the Company concentrated on the stakeholder groups enshrined in our Code:

Our People
Board of Directors
Management
Employees

Our Customers
B2B Clients
Distributors/
Dealers

Our Community
Local Communities

Our Environment
The Environment

Our Partners
Suppliers
Banks
Regulators

Our Shareholders
Local Investors
International
Investors

We delved into the historical, documented, operational, and anticipated significant economic, environmental, and social impact our Company's activities, products, and services have had and would continue to have on our stakeholders' substantive expectations and interests.

Materiality Cross-Reference

(GRI 102-47)

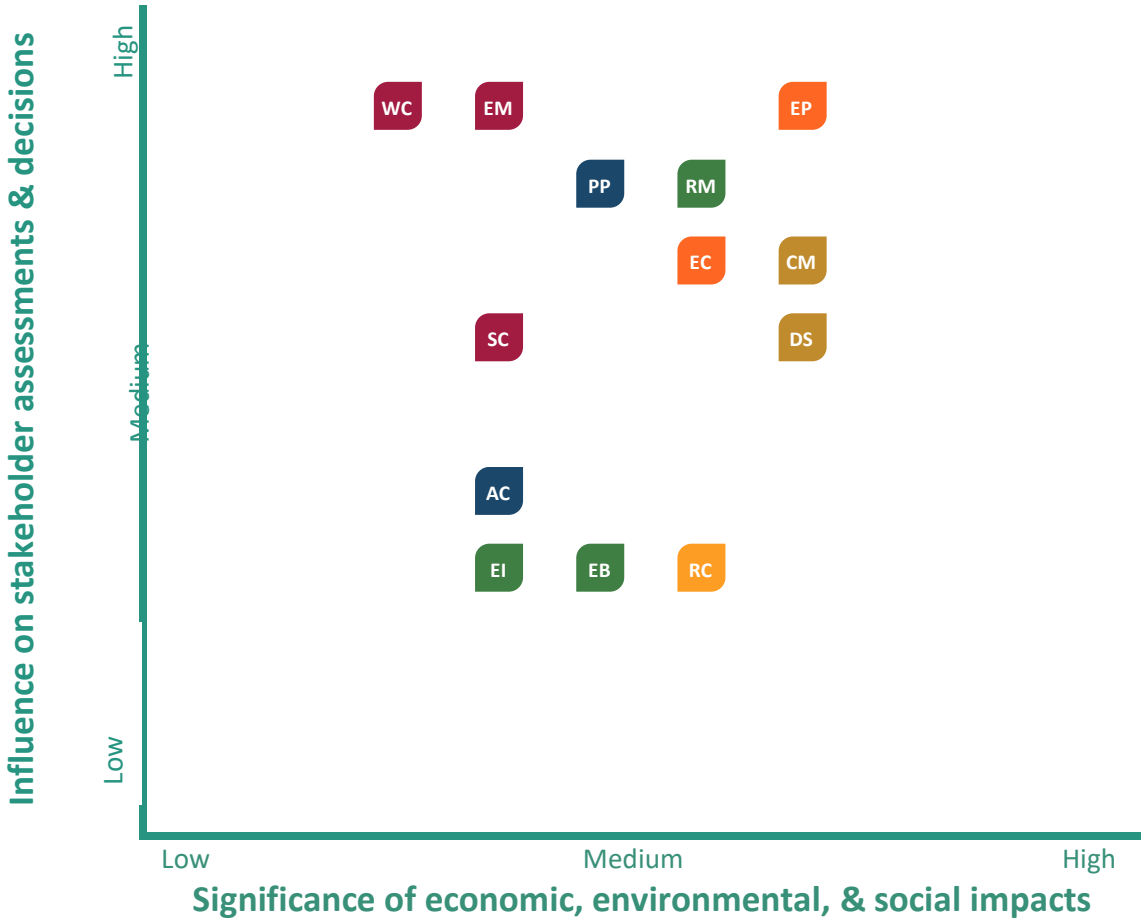
We have thirteen (13) groups of material topics, cross-referenced with the relevant GRI and SDG disclosures. Each of these groups of material topics, have been identified as priorities and significant to the external and internal stakeholders, as follows:

SEC	GRI Topics	SDG Targets	Material Topics	Description	Impacted Stakeholders External	Impacted Stakeholders Internal
Economic	102-9 102-11 201-1 203-2	1.2 8.2 9.4 9.5 13.1 15.9	Economic Performance (EP)	Creation and distribution of economic value; how the Company creates wealth for stakeholders	Shareholders Government	Employees
Economic	102-9 204-1		Procurement Practices (PP)	Policies and practices used to source raw materials and select suppliers	Suppliers	Employees
Economic	102-9 205-2 415-1	16.5	Anti-Corruption (AC)	Assessment of risk due to corruption, and policies, procedures, communications, and training to address it.	Suppliers Government	Employees
Environmental	301 302-1 303-1 303-3 303-5	7.2 7.3 12.4 12.5 13.1 15.9	Resource Management (RM)	Materials, energy, and water consumption in the Company	Community Environment	Employees

SEC	GRI Topics	SDG Targets	Material Topics	Description	Impacted Stakeholders External	Impacted Stakeholders Internal
Environmental	301-1 301-2 303-4 305-1 305-2 305-6 305-7	12.4; 12.5 13.1	Environmental Impact Management (EI)	Impacts on living and non-living natural systems, including land, air, water and ecosystems	Environment Government	
Environmental	307	12.4; 12.5 13.1	Environmental Compliance (EC)	Compliance with environmental laws and/or regulations, including international declarations, conventions and treaties, as well as national, sub-national, regional, and local regulations	Environment Government	
Environmental	304-2	15.9	Ecosystem & Biodiversity (EB)	Significant impacts of activities, products and services on biodiversity	Environment Government	
Social	401-1 401-2 402-1 404-1 404-2 405-1	1.2 3.8 5.1 5.5 8.2 8.5 8.6 10.3	Employee Management (EM)	Approach to employment or job creation, i.e. hiring, recruitment, retention, training, and related practices	Government	Employees
Social	403-1 403-2 403-3 403-5 403-8 403-9		Workplace Conditions, Labor Standards, and Human Rights (WC)	Approach to ensuring healthy and safe working conditions, and compliance with labor standards and human rights	Government	Employees
Social	308-1 408-1 409-1	16.5	Supply Chain Management (SC)	Approach to assessing suppliers' environmental and social impacts	Suppliers Environment	Employees
Social	413	4.3 4.4 8.2 8.5 8.6 10.3 13.1	Relationship with Community (RC)	Activities generating social impact on local communities we are part of	Community	Employees
Social	416 417 418	12.8 16.10	Customer Management (CM)	How we add value to and protect our customers	Customers	Employees
Social	418	16.10	Data Security (DS)	Policies, procedures, and measures we take to protect our data	Customers	Employees

Materiality Matrix

In accordance with the GRI standards, we have focused on the material topics (and some sub-topics) recommended by the Securities and Exchange Commission (SEC). When plotted against our materiality matrix, the following priorities were identified.



Economic Impact

Economic Performance

(GRI 102-9; 103-1, 2; 201-1; 203-2; SDG 1.2; 8.2; 9.4; 9.5)

Our business faced incredible challenges during the pandemic. Now emerging two years later on a better footing both operationally and financially, with our earnings already back to pre-COVID levels, we feel that the company has not only proven but also strengthened its resilience.

While we are cautiously optimistic that we are likely at the tail end of the pandemic, we remain focused on our core competencies, ready to ride another wave of volatility brought about by recent geopolitical uncertainties. While Russia and Ukraine are not a significant part of our supplier or customer base, the ongoing conflict poses a threat to global recovery and has sent prices of key commodities skyrocketing over a short span of time.

In the near-term, we see demand affected by two opposing forces—continued economic reopening on one hand, and generally higher prices of basic commodities on the other. Nonetheless, while 2022 won't be without difficulties, we continue to pursue areas of opportunities that will bring the next leg of growth for the company.

With coconut oil continuing to gain traction globally as a natural and sustainable substitute to many petroleum-based raw materials, we plan to further capitalize on this by entering more export markets and by using our R&D expertise to introduce more highly specialized, coconut-oil based products.

In addition, our Batangas expansion is expected to come online in January 2023 which will be a key milestone in boosting our export sales further.

Climate-Related Risks & Opportunities

(GRI 102-11; SDG 13.1; 15.9)

Risk management is seen in the company as a shared responsibility between the management and D&L employees. At the top level, there is a Board Risk Oversight Committee which oversees the Company's Enterprise Risk Management system to ensure its functionality and effectiveness.

Annually, or as soon as the need arises, the Committee reviews the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment.

Management requires all department heads to assess risks facing their respective business units and establish both Risk Management and Business Continuity Plans. The target is to have the shortest possible downtime, and to minimize, if not entirely eliminate, negative impacts of adverse events on the business. Risk Management and Business Continuity Plans are reviewed at least annually to keep abreast with changing economic and environmental conditions.

This section identifies the climate-related risk and opportunities the company is currently exposed to. The risks outlined below are not exhaustive and instead identify only those that are highly relevant to the business.

	POTENTIAL IMPACT	MITIGATING MEASURES
RISKS IN NATURAL AND MAN-MADE DISASTERS THAT MAY CAUSE INTERRUPTION IN OPERATIONS	• Lost sales • Destruction of property • Loss of life • Delays in delivery • Customer complaints • Quality issues in finished goods	• Improvements in company infrastructure to withstand extreme weather • Participation in company and nationwide drills • Adequate insurance coverage for insurable assets • Regular review of Risk Management and Business Continuity Plans

	POTENTIAL IMPACT	MITIGATING MEASURES
RISKS ASSOCIATED WITH RISING TEMPERATURE DUE TO CLIMATE CHANGE	• Higher than normal temperatures may lead to lower crop yield which may affect the supply of key commodities that the company use • Higher raw material prices	• Selling prices are reviewed on a regular basis to make sure higher prices of raw materials are imputed properly • Proactive monitoring of raw material prices, availability, and trend • Maintaining a wide network of suppliers, and constantly developing new relationships • Leveraging on scale in order to negotiate prices • Leveraging on technical know-how to develop alternative raw materials

	POTENTIAL IMPACT
OPPORTUNITIES IN CHANGING CONSUMER PREFERENCES TOWARDS A MORE SUSTAINABLE AND ENVIRONMENTALLY FRIENDLY CONSUMPTION	• Higher demand for the company's natural, organic, and sustainable offerings across the different business segments • Higher margins and profitability

	POTENTIAL IMPACT
OPPORTUNITIES IN THE REGULATORY SPACE : IMPLEMENTATION OF A HIGHER BIODIESEL BLEND FROM THE CURRENT 2% BLEND TO THE 5% BLEND MANDATED BY THE BIOFUELS ACT OF 2006	• Higher demand for the company's coconut biodiesel • Higher margins and profitability

Procurement Practices

(GRI 102-9; 103-1, 2; 204-1)

D&L believes that sustainable procurement practices are the backbone of truly sustainable operations. As such, the company is committed to constant improvements to make its procurement processes as efficient and sustainable as possible.

The company's sustainable procurement practices start with a formal Supplier Selection and Assessment guidelines which are implemented across the organization. This ensures that the suppliers the company deals with are capable of supplying consistent high-quality raw materials and are legitimate entities that are fully compliant with all applicable laws and regulations.

The company also does a regular audit of the manufacturing processes including quality assurance, handling of complaints, employee welfare, supply & delivery assurance, and even resource conservation efforts and waste management program of its suppliers. As far as environmental sustainability is concerned, the company generally favors suppliers with good manufacturing practices and are compliant with global standards such as ISO 14001 (Environmental Management), ISO 50001 (Energy Management), and ISO 46001 (Water Efficiency Management).

To institutionalize further the company's initiatives to make its supply chain more sustainable, its various business units are either in the process of formalizing or have already formalized their respective Responsible Sourcing Policies (RSP) which outlines the company's general requirements and material specification requirements for all its suppliers. General requirements usually touch on social and environmental responsibility, health, safety and hygiene, and business integrity.

Anti-Corruption

(GRI 102-9; 103-1, 2; 205-2; 415-1; SDG 16.5)

D&L conducts its business guided by the principles of honesty, integrity and transparency. The company respects the legitimate rights and interests of those it transacts with. It takes into account the unique culture of the countries it operates in and comply with their laws and regulations. These principles are well-documented in the company's Code of Business Principles.

Whistleblower Policy

With the objective of strengthening D&L's culture and core values of integrity and honesty embodied in its Employee Code of Behavior, the iCARE Whistleblowing Program was launched.

iCARE also aims to intensify each employee's conviction and commitment to the highest standards of conduct consistent with its Professional Code of Conduct and Discipline.

iCARE is an avenue where concerned stakeholders can report actual or suspected violations of the Company's code of ethics and policies, criminal or unlawful acts or omissions, irregularities like fraud, embezzlement, harassment, theft, corruption, collusion and nepotism, bribery, and other procedural malpractices. Reports are handled with strict confidentiality and whistleblowers are protected against possible retaliation, reprisal, or harassment.

The company has the following dedicated whistleblower hotlines:

Text or call	Globe	+63 905 337 9487
	Smart	+63 932 661 6554
	Viber	+63 932 661 6554
E-mail	icare@dnl.com.ph	
Online Form	https://icare.dnl.com.ph/report	

Conflicts of Interest

The company's employees are expected to keep clear from financial, business or other relationships and activities that might be opposed to, in competition with and disadvantageous to company businesses and the proper performance of their duties. The company exhorts employees to conduct themselves in a manner that avoids even just the appearance of a conflict of interests between their personal self-interests and those of the company.

Use of Corporate Assets

The company's funds, assets, services and facilities are not to be used for any unlawful, unethical and personal enrichment purpose.

Insider Trading Policy

The company's Insider Trading Policy states that all Covered Persons are prohibited from buying, selling, trading or otherwise dealing in the Securities while in possession of material non-public information. All Covered Persons are likewise prohibited from passing such material non-public information to any person who might use such information to deal in the Securities. A Covered Person should exercise prudence in evaluating whether the non-public information he possesses is material or not. Any doubt should be resolved in favor of treating such non-public information as material.

Material Related Party Transaction Policy

The company has formed a Related Party Transaction (RPT) Committee at the Board level which is composed solely of independent directors. The RPT Committee is tasked to review the material facts of all Material RPTs and either approve or disapprove such transactions. In assessing an RPT, the RPT Committee shall be guided by the arm's length principle and consider such factors as it deems appropriate: including without limitation (i) the benefits to the Company of the transaction; (ii) the commercial reasonableness of the terms of the Material RPT; (iii) the degree of materiality of the transaction to the Company; (iv) the extent of the Related Party's interest in the Material RPT; (v) if applicable, the impact of the Material RPT on the non-employee director's independence; and (vi) the actual or apparent conflict of interest of the Related Party participating in the Related Party Transaction.

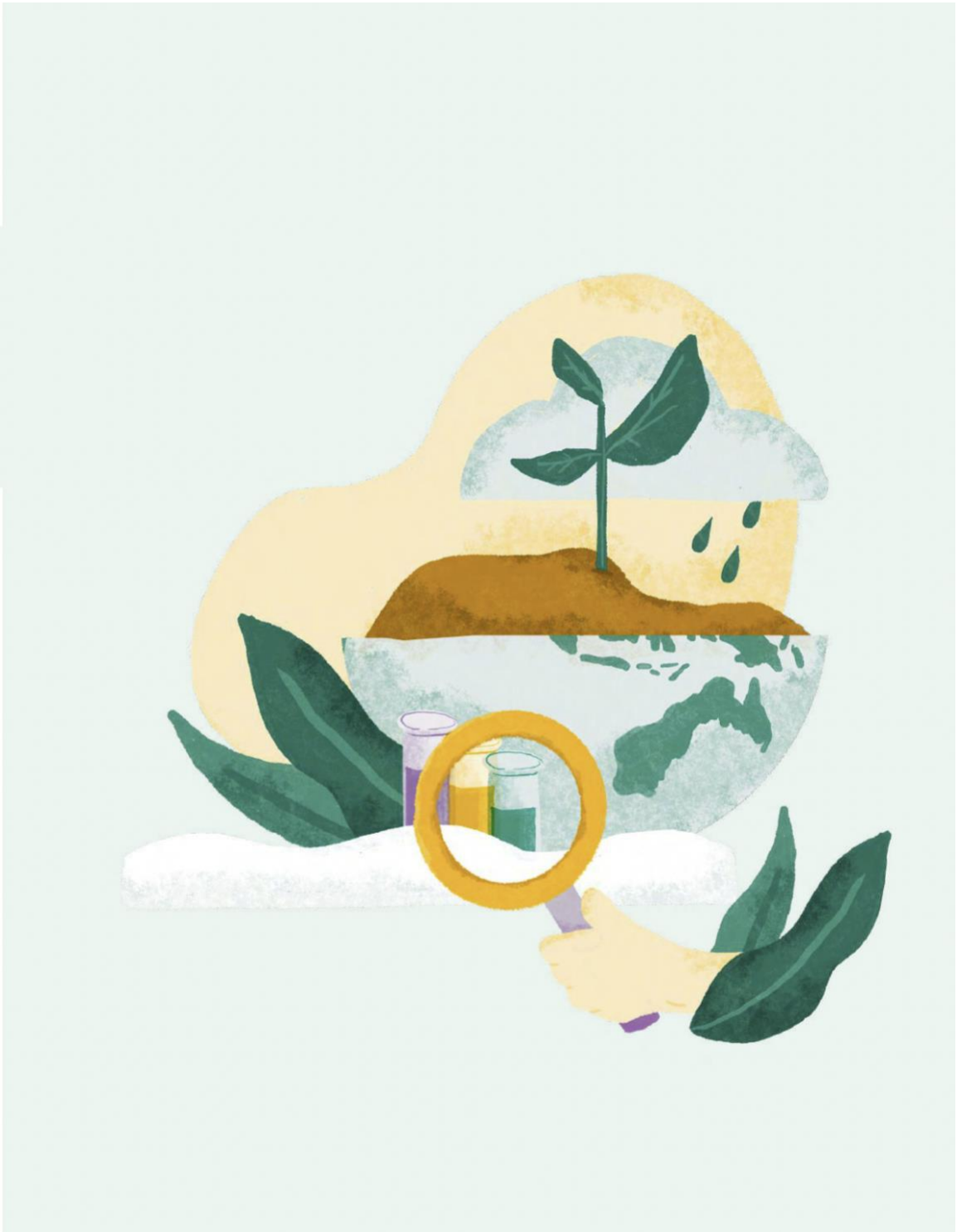
To further ensure that the Material RPTs are conducted at arm's length, the RPT Committee shall engage an external independent party to evaluate the fairness of the terms of the Material RPTs and employ an effective price discovery mechanism such as, but is not limited to, acquiring the services of an external expert, opening the transaction to a bidding process or publication of available property for sale.

Material RPTs approved by the RPT Committee shall be elevated to the Board for final approval.

The way the company deals with politics

The company cooperates with governments and other organizations in the protection and promotion of the company's legitimate business concerns. The Company closely collaborates with them in the development of regulatory and legislative initiatives impacting its investments and interests. The company does not in any way participate in party politics. It also neither makes contributions in kind nor fund campaign connected activities.

Environmental Impact



Resource Management

(SDG 12.4; 12.5; 13.1; 15.9)

Energy Consumption

(GRI 103-1, 2; 302-1; SDG 7.2; 7.3)

The company uses various types of energy sources for its operations. For the office buildings, the company uses purchased electricity. For the plant operations, the company uses boilers. Meanwhile, diesel is used to run generator sets during power outages.

The company is constantly looking for ways on how to further make its operations more efficient with lower energy consumed per unit of product manufactured. These initiatives include:

- Installation of motion detector lights at warehouses
- Use of LED lights which are more energy efficient than fluorescent and incandescent lights
- Regular maintenance of air conditioning units
- Optimizing the production schedule to yield the lowest possible energy consumption per unit of product manufactured
- Identification of compressed air line leaks
- Megger testing and preventive maintenance
- Replacing old supply pump motors with high efficiency motors
- Turning off lights and air conditioning during lunch breaks
- Recycling of diesel fuel for equipment cleaning
- Use of biodiesel waste as fuel for diesel boiler

To monitor the company's progress and to champion the resources conservation initiatives, an Environmental Group within the company was formed. This group is composed of Pollution Control Officers from each business unit.

For its expansion plan in Batangas, as far as energy consumption is concerned, a significant portion of the new facility's power requirement will be coming from solar power. In addition, the company is also exploring other renewable energy sources such as biomass to fuel its manufacturing plants.

Water Consumption

(GRI 103-1, 2; 303-1, 3, 5)

In the company's day to day activities, water is primarily used for the operations of the cooling tower, for equipment cleaning, and for domestic uses in the office buildings such as for restroom usage, washing, and food preparation in the canteens.

The company is proactively looking for ways on how to further reduce its water consumption. Similarly, the company's Environmental Group, which is composed of the Pollution Control Officers from each business unit, is in charge of monitoring and championing the water conservation initiatives of the company. Some of these initiatives include:

- Regular identification and repair of water leaks
- Use of pressure water for product transition cleaning
- Installation of stainless float valve at make-up water of cooling tower system to control water overflow
- Use of knee valve faucet
- Replacement of manual flush to electronic flush with automatic sensor
- Recycling of condensate water from air conditioning units
- Signages located at strategic areas to encourage employees to conserve water

For its expansion plant in Batangas, the company plans to build a water retention pond to collect all surface run-off water.

Materials

(GRI 102-11; 103-1, 2; 301)

As a trusted B2B company, D&L is committed to supplying its customers with quality products made from quality materials. The company sources raw materials from a wide range of highly reliable suppliers with proven track record.

On Palm Oil

D&L is cognizant of the various environmental and social issues associated with palm oil. It is mainly used for the company's food ingredients segment. While coconut oil is abundant in the Philippines, the country's cooking oil market has traditionally been dominated by palm oil. This is because palm oil is about 30-50% cheaper than coconut oil, hence, why many of D&L's food

ingredients customers are still partial to using palm oil, despite the public pressure to prohibit or dissociate with it.

In line with D&L's view on sustainability and in conjunction with consumer preferences that are developing globally, the company's product portfolio offers a wide range of palm alternatives. In communications with customers, the company finds that they are often well-versed in sustainability issues but are hesitant to switch due to cost considerations. The company normally suggests and presents better or more sustainable alternatives to customers, but is not in a position to forcefully impose these changes. D&L can, however, address any issues from switching to sustainable sources and adjust formulation to mitigate any impact on the taste or sensory qualities of the product.

With vegetable oils accounting for the majority of D&L's raw materials, the company is conscious of the fact that supporting initiatives that lead to a more sustainable future for the planet is consistent with its goal of achieving sustainable long-term growth.

While D&L's RSPO-certified palm oil only accounts for less than 10% of its total requirements, it is important to highlight that another 70% are traceable back to the plantation. While not necessarily requiring RSPO certification, many of D&L's multinational customers require full traceability of the palm oil they use, making sure that the source plantation is not involved in any deforestation and illegal activities. In many cases, these customers provide a list of accredited sustainable plantations where D&L can source the crude palm oil it refines and supplies to them.

RSPO-certified palm oil normally commands a premium. This is the main reason why many of our customers still opt to buy either the traceable palm oil or just the regular palm oil.

Where the company sees the future

Internally, D&L targets 100% RSPO by 2025. It should be pointed out, however, that this goal is highly dependent on the readiness of the market to switch to more expensive but sustainably-sourced palm oil. The company believes the more realistic scenario is 100% traceability in the near to medium term.

D&L's involvement with palm is similar to its proactive activities related to the replacement of Chlorofluorocarbons (CFC gases) which used to be the propellant for aerosols, lead and cadmium in chemicals, artificial trans fat, salt, and sugar in food—where the company, instead of waiting for the market, promoted among its clients an early shift to more sustainable solutions.

D&L's influence

While D&L has limited control on its food customers who are much more price sensitive, the company's influence is more pronounced in its Oleochemicals business. Under Chemrez, the company manufactures coconut-based oleochemicals used as active ingredients for many personal and home care products. These oleochemicals are natural and sustainable direct substitutes for petroleum-based or palm-based active ingredients. Chemrez handles no palm and

actively promotes sustainable and natural coconut-based raw materials especially in the export market.

Environmental Impact Management

(SDG 12.4; 12.5, 13.1; 15.9)

Air Emissions/GHG

(GRI 103-1, 2; 305-1, 2, 6)

In the normal course of operations, the company generates greenhouse gas (GHG) emissions. Direct emissions from boilers, oil heaters, generator sets, trucks, and service vehicles represent the company's Scope 1 emissions. Meanwhile, the energy used to light up its facilities and office buildings comprise the company's Scope 2 emissions.

The company is committed to reducing its emissions over time and making its operations more environmentally friendly. To reduce emissions, the company has instituted various initiatives from energy conservation to prudently replacing equipment to make operations more efficient. For its expansion plans in Batangas, the company is building an environmentally friendly building and is currently exploring the use of various renewable energy sources.

Air Pollutants

(GRI 103-1, 2; 305-7)

D&L is fully-compliant with all the operating condition requirements by the Department of Environment and Natural Resources (DENR) and the Environmental Management Bureau (EMB). As far as air emissions and pollution are concerned, the company is strictly abides by RA8749 or Philippine Clean Air Act.

Solid Waste

(GRI 103-1, 2; 301-1, 2)

Waste is generated by plants and offices. In order to properly manage waste, each plant has a designated Material Recovery Facility (MRF), in compliance with R.A. 9003 for Solid Waste management. Before waste materials get transferred to the MRF, each operating section already does the first layer of waste segregation. A designated person is responsible in each MRF who receives and further sorts the waste to facilitate systematic disposition.

Wastes are classified as hazardous, non-hazardous, sellable, and garbage. Hazardous wastes are hauled by accredited treaters before being hauled off site. Non-hazardous waste may be recycled for internal use. Sellable wastes such as old plastic and steel drums, wooden and plastic pallets, cartos, packaging materials, and metal debris are sold to recycling companies. The rest are

considered trash and hauled by accredited garbage collectors. The company enforces strict accreditation policies to ensure that all plant and office wastes are disposed of in accordance with the standards of the regulating government agencies.

Lastly, to increase awareness and to encourage employees to help minimize waste, the company has various programs in place such as Trash to Treasure, War on Waste (WOW), and Reduce, Reuse, Recycle, Repair, Repurpose (5R).

Hazardous Waste

(GRI 103-1, 2; 301-1, 2)

Hazardous wastes are properly managed in compliance with government requirements. To ensure safe handling, procedures were established in the storage, treatment, and disposal of these materials. All facilities comply with the ISO standards for Environmental Management (ISO 14001:2015) and Occupational Health and Safety (OHSAS 18001:2007).

Each company has obtained its Generator Registration Certificate from the DENR. Waste classified as hazardous based on the DENR-EMB standards are disposed of by DENR-accredited third-party treaters which have passed the stringent accreditation process of this government agency.

As part of risk assessment during the design and development stage for both finished products and packaging, the Company strictly adheres to health, safety, and environment standards to further reduce hazardous waste.

Effluents

(GRI 103-1, 2; 303-4)

In addition, the company invests in various infrastructure to make its operations more sustainable. For instance, its water treatment facility is much stricter than the standards set by the Department of Environment and Natural Resources, ensuring that water released is the cleanest possible.

Environmental Compliance

(GRI 103-1, 2; 307; SDG 12.4; 12.5; 13.1; 15.9)

The Company is compliant with all environmental laws and regulations that are applicable to its business operations. Management provides a clear statement of the Company's responsibility towards creating, maintaining, and ensuring a healthy, safe, and clean environment for sustainable growth.

In summary, the company is committed to:

- Comply with applicable laws and regulations and other requirements and measures considered necessary to its business operations;
- Create Health & Safety programs that ensure the well-being of its employees;
- Conserve natural resources through efficient equipment utilization, wise use of resources, recycling, and reducing wastage, discharge, and emissions;
- Continuous Health, Safety and Environment (HSE) education programs for employees, outsourced personnel, and suppliers;
- Implement creative shared values with local communities through fire drills, HSE training, Emergency Response, Medical Missions, and Tree Planting activities, and promote green surroundings at its manufacturing locations as the company works in harmony with local government units, stakeholders and NGOs; and
- Promote awareness and shared responsibility for occupational health, safety and environmental protection among its contractors, suppliers, and customers.

Ecosystem & Biodiversity

(GRI 304-2; SDG 15.9)

Embedded in the Company's Code of Business Principles is its commitment to sustainable development. D&L cares for the environment and strives to meet the ever-increasing needs of the business but never forgets the conservation and preservation of nature.

The company's long-haul horizon goes beyond the present and stretches to generations yet to come. The company endeavors not to endanger but rather enhance the ecosystem. The company also recognizes the importance of biodiversity and supports the global community in protecting it.

D&L is fully-compliant, and in many cases implement stricter measures than what is required by relevant laws such as:

- RA 9003: Ecological Solid Waste Management Act of 2003
- RA6969: Toxic substances and hazardous and nuclear wastes control act (1990)
- RA8749: Philippine Clean Air Act
- RA 9275: Philippine Clean Water Act of 2004
- RA11285: Energy Efficiency & Conservation Act

Moreover, the construction of D&L's next generation facilities in Batangas is central to its intention of integrating sustainability into its operations. In order to protect the planet and further minimize the company's ecological footprint, the company intends to use more environmentally friendly and sustainable fuel. D&L also intends to build environmentally-certified buildings and conduct tree planting activities in the area.

Social Impact

Employee Management

Employee Hiring and Benefits

(GRI 103-1, 2; 401-1, 2; SDG 1.2; 3.8; 5.1; 5.5; 8.2; 8.5; 8.6; 10.3)

D&L's hiring practices only give merit to the competence and skills of applicants, and match them according to job requirements as defined by the Hiring Manager and the department filling the position. Gender, race, age and other discriminatory characteristics are never standards by which applicants are decided upon.

Standard social and government-mandated benefits are provided upon employment. Minimum wage laws are complied with at the lowest entry level positions. On top of the benefits mandated by the government, the company implements programs which safeguard the health and welfare of its employees and their families through health insurance, maternity assistance, medicine subsidies, and even financial risk alleviation initiatives. The Performance Dashboard is used as the basis for merit increases, promotions, job rotations, new assignments, and training and development.

Educational Program

The Lao Foundation, under the Lao Boh Lim Educational Program, has been extending scholarships to deserving dependents of both regular and outsourced service providers (OSP) employees since 2018.

The foundation has also been rewarding children of employees in all levels who excel academically through the Educational Excellence Awards established in 2005. It also recognizes auxiliary educational achievements such as placing in national and international competitions, passing board exams, among others.

Talent Succession Planning

There is also a detailed succession plan organized by the Talent Management team identifying and grooming high potential employees to assume greater roles in the future. It emphasizes that employee development and progression is a top priority for the company.

Employee Training & Development

(GRI 103-1, 2; 404-1, 2; SDG 5.1; 5.5; 8.2; 8.5; 8.6; 10.3)

D&L takes the growth of its employees very seriously because management believes that the development of its people will ultimately redound to the benefit of the group. In this regard, D&L has established a dedicated team specifically for employee training and development called 'Infinite Learning'.

Since its formalization in 2019, the team has been organizing various training sessions and programs about many different topics including certification compliance, equipment handling, and the refinement of soft skills, among many others. The team has always been open to suggestions for new topics of interest, and is always looking at trends in order to keep training topics up to date. D&L has also forged partnerships with a number of institutions such as Dale Carnegie Training, the Ateneo Graduate School of Business, and the Philippine Red Cross to share their expertise in certain areas with the group. High potential employees are enrolled under the Leadership Development Program in the hopes of producing future leaders.

The team also maintains a feedback system for both internal and external training sessions. It is to ensure that sessions are actually useful and informative, and to take note of any subtopics that may have been missed or any additional topics that may call for extra sessions.

A notable topic this year is one that goes hand in hand with D&L's push for digital transformation. The Infinite Learning team, together with D&L's Information Systems Department, has launched a series of training sessions that aims to upskill its employees to be able to work better digitally. The series also came at an opportune time because Covid hit and all non-essential employees in the group were forced to work from home. Although all training programs were compromised for some time, it did not take long for the team to pivot and to begin conducting training sessions virtually.

Labor-Management Relations

(GRI 103-1, 2; 402-1)

"Kamustahan" Sessions (or catch up sessions) are regularly conducted between upper management and all the employees in order to present the state of the business, and to respond to concerns and issues raised by employees. While complying with the IATF minimum health protocols, the company continued to conduct online meetings and consultations throughout the whole year.

D&L has always been a company that listens to its employees. Everyone has a direct line to the Managing Directors, the President and CEO, and their immediate managers. It is a two-way communication with no layers. HR has also implemented a 24/7 HR Program so employees are able to reach out to the HR Business Partners anytime, any day.

Diversity and Equal Opportunity

(GRI 103-1, 2; 405-1; SDG 5.1; 5.5; 8.2; 8.5; 8.6; 10.3)

D&L has no restrictions in hiring and promotion. There is no discrimination and no age requirement, and the company engages retirees to become consultants in order to continue working for the company for as long as they wish. Job postings do not require gender, age, and any other restriction as long as the candidate is qualified for the role being filled. Resumes are not required to contain photos or any such distinguishing information, other than their experience

for the role they are being considered for. Despite operating production plants normally populated by male workers, 42% of the workforce in D&L are female.

The Infinite Learning Team reviews training requirements and works with the Talent Management Team to identify competency gaps and deliver appropriate training programs regardless of gender, age, and race. The main consideration is the individual needs of employees.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health & Safety

(GRI 103-1, 2; 403-1, 2, 3, 5, 8, 9)

D&L implements a Safety and Health Program to comply with RA 11058 and other relevant regulations through its Health, Safety and Environment (HSE) Department. Each plant has a satellite HSE unit. The department regularly conducts virtual safety orientations for new employees (direct hire and OSPs), contractors, and third-party haulers in light of the pandemic. It also acknowledges the innumerable hazards that come with operating manufacturing plants. Thus, it also conducts various other plant-specific seminars and training sessions on topics such as hand and finger safety, aspect impact hazard and risk assessment, EPR (fire, spill, typhoon, earthquake), work environmental hazards, behavioral safety, and welding, electrical, forklift, chemical and boiler safety, among many others.

The department regularly conducts safety walkthrough audits with follow-up monitoring of corrective actions where necessary. It also enforces self-assessment audits in all of its plants, warehouses and buildings. It has an efficient accident reporting mechanism, and conducts safety drills where possible given the pandemic.

As much as physical health and safety is important, employees' mental health is also a priority for the company. D&L's HR Business Partners provide counselling to employees needing help. Employees can freely approach any of the HR representatives and discuss issues without fear of reprisals.

Labor Laws & Human Rights

(GRI 103-1, 2; 412)

The family culture in the company allows employees to be open and straightforward in discussing any issues they have without fear of retaliation. Communication is top-down, bottom-up, and sideways. There are no layers and barriers, so issues are resolved at the onset and no grievances are escalated.

D&L takes human rights issues seriously, and always considers the topics of forced labor, child labor, discrimination, and harassment in its dealings within and outside its subsidiaries. Its Code

of Business Principles strictly outlines the company's stance and policies on such matters, and guides all its employees on business decisions involving such.

Supply Chain Management

(GRI 103-1, 2; 308-1; 408-1; 409-1; SDG 16.5)

Sustainability in the supply chain has been of increasing importance and of growing concern in the past years, especially for manufacturing companies such as D&L. Much like many others, the company has followed that trend, and continues to improve its approach towards several sustainability topics.

The company's Supplier Selection and Assessment procedure includes an initial and succeeding regular audit where potential suppliers' manufacturing facilities and processes, employees' welfare and human rights, health and safety programs, compliance to government regulations, waste management, and even their own supply chains are inspected and quantitatively evaluated. All materials purchased are traceable, and the company makes it a point not to purchase materials with banned or harmful minerals or chemicals. Certifications to guarantee the quality of the goods manufactured by D&L and the processes that went into them are very important to its business, so it is absolutely necessary for the company to go through great lengths, even at the beginning stages of procurement, to ensure compliance.

A Supply Chain Management System is in place across most of the companies under the group, and is compliant with the Quality Management System ISO 9001:2015, the Environmental Management System ISO 14001:2015, and the Occupational Health And Safety Management System ISO 45001:2018. It is the direction of D&L to qualify suppliers of direct and indirect materials to qualify on the said standards.

In addition, the subsidiaries of D&L also ensure that they are compliant with other rules, regulations and standards pertaining to their respective raw materials and products. The Food Division prioritizes suppliers that will support food safety concerns in order to maintain the Food Safety System Certification (FSSC), as it is fully recognized by the Global Food Safety Initiative (GFSI). The Chemicals Division is a qualified member of the Supplier Ethical Data Exchange (SEDEX) and the Sedex Members Ethical Trade Audit (SMETA), where an ethical standard practice is being followed across customers and suppliers. It also uses materials that conforms to the regulatory requirements of the Environmental Management Bureau and other controlled chemicals that may cause harm to the public and the environment.

The logistics department maintains proper storage separating food and non-food items to ensure the safety of the products. It is a medium-term goal to implement a warehouse management system tool to equip an error-free mechanism, and achieve near-perfect picking rates.

Moving forward, the company aims to move closer to a just-in-time inventory system in order to make more efficient use of its warehouses. It has also begun looking into materials and suppliers

that support the call for a "circular economy". Constantly looking towards global market trends, D&L ensures that it is always taking the necessary steps to improve holistically.

Relationship with Community

(GRI 103-1, 2; 413)

Focus on the Youth

(SDG 4.3; 4.4; 8.2; 8.5; 8.6; 10.3)

Fostering a good relationship with our community is not just a matter of social responsibility, but a means to be "connected" and be aware of the conditions around us. It is better to establish early on a mutually beneficial relationship with the community. This comes in handy when problems occur or when difficult situations arise.

Our strategy is in line with our advocacy on education, which empowers and gives hope to people. It is an opportunity to uplift one's life. We choose to start with school children, as we believe that the youth is the hope of the country. We support, nurture, guide, and give them the opportunity to grow and spread their wings.

We have 114 scholars from different communities where our manufacturing plants are located. Four (4) of these scholars have already graduated.

These initiatives work both for the communities and the Company. While the Company offers scholars the opportunity of a proper education, the latter become eligible for employment upon graduation.

Scholarship

We are accepting applications for screening months before the start of the school year. The successful applicant enjoys free full tuition and miscellaneous fees, meals, and allowance. Graduates may apply for jobs in the Company when they graduate.

Manpower Pool

The Company has tied up with Don Bosco Technical Institute and Dualtech Training School. Children of coconut farmers were enrolled in vocational technical training at Dualtech. They can choose to work with the Company upon graduation.

This arrangement helps fill the manpower requirements of the Company.

On the Job Training

Successful scholars are provided with on-the-job training experience.

Civic Action

(SDG 13.1)

The Company employs an in-house team of safety officers trained in firefighting, rescue, and emergency response. These assets are deployed not just for contingencies in our offices, warehouses, and facilities, but also to assist local communities and government and volunteer teams during emergencies and natural calamities.

We also field volunteers in such diverse civic activities as tree planting, river clean-up, fumigation, and firefighting and first aid training in and around the communities we are in.

Customer Management

(GRI 103-1, 2, 416; SDG 12.8)

As a B2B company, D&L deals with most of its customers on a face-to-face basis, thus making customer service one of its top priorities. Its dedicated sales teams have been working throughout the pandemic to ensure that every customer is served well despite the local and global restrictions. The nature and specificity of its products also call for close coordination between the customers and the technical teams of the subsidiaries. Major concerns are elevated to top management quickly, and are dealt with immediately. The company believes that customer feedback is very important especially when it comes to product development.

CATEGORY	KEY CONCERNS	ACTIONS TAKEN TO ADDRESS CONCERNS
CONSUMER PRODUCTS ODM	Worry over stock outs during pandemic, floods, unforeseen events	Created a business continuity plan for products and personnel
	Stock security for imported raw materials and packaging	Aggressive forecasting, maintenance of 3 months' worth of stocks, and monthly updating of forecasts
FOOD INGREDIENTS	Constant shifting of consumer wants	Present customer range of product flavors and builds based on current up-to-date trends
	Simplification of customer supply chain	Educate customers on proper product usage across their respective product ranges for convenience and cost efficiency
	Reduction of customer regulatory risk	Ensure products supplied to customers are compliant with local food laws and regulations, as well as global food safety standards
CHEMICALS	Demand for formulation of natural products and use of renewable packaging	Development and innovation geared towards natural, pursuit of regulatory compliance (ecosearch, organic certification)
	Low stocks	Discuss lead times with customers, produce safe level of buffer stocks
	Warping of sealed HDPE packaging for hydraulic brake fluids	Redesign bottle, nitrogen purging
	High raw materials price	Sourcing of new suppliers, exploration of alternative materials
	Long lead time	Increased inventory levels, advanced ordering of raw materials, advanced booking of orders, and regular updating of forecasts
PLASTICS	Limited finished goods	Close coordination between sales and warehouse teams prior delivery
	Shortage of raw materials	Regular communication between sales, technical and production teams on level of raw materials on stock and urgent items for production

Health and Safety

(GRI 103-1, 2; 416; SDG 12.8)

Aero-pack's adherence to green chemistry has made many a home beneficiaries of organically sourced household products. These eco-friendly products have provided families peace of mind—secure in the belief that the likes of Kwik insect killers and Clareo dishwashing detergents are safer and greener.

Chemrez' green innovations have provided coco-based wellness solutions for health-conscious consumers. The remarkable market acceptance of its medium chain triglyceride (MCT), Laurin™, is a strong testimony to the company's green advocacy.

D&L Polymer & Colours (DLPC) has developed a key raw material—durable and non-toxic—used in the production of the toy sensation, Hatchimals. The use of raw materials on other products of DLPC also complies with the RoHS (Restriction of Hazardous Substance) requirement.

First in Colours, Inc. provides business solutions to companies given the potential ban on single-use plastics.

Oleo-fats' standard operating procedures mandate that all food-related products undergo shelf life studies, microbial, and sensory tests to ensure these remain safe for human consumption until the end of shelf life.

Focusing on what the customer wants and needs, subscribing to green chemistry and subjecting finished products to rigorous testing processes have helped the Company turn out products that are healthy and safe for humans and the environment.

Marketing and Labeling

(GRI 103-1, 2; 417)

The Company has no history of substantiated complaints on marketing and labelling and, therefore, no complaints addressed.

Most of our products and services are offered to business entities and not directly to consumers. We only indicate the product name, packing size, and batch number on the labels.

Customer Privacy

(GRI 103-1, 2; 418-1; SDG 16.10)

Customers provide information for purposes of applying for credit extension. The information is both private and confidential and, therefore, is treated with utmost care to prevent leakage. Once the credit application has been approved, the Customer Information Sheet is kept by a Marketing

Assistant for safekeeping. A separate form is prepared and submitted to the Accounting department. It contains information needed only for customer account creation and does not contain any unnecessary personal information. Access to the customer data master file is limited only to an assigned person who is at least supervisory level.

We are committed and motivated to protect our customers' information.

Data Security

(GRI 103-1, 2; 418; SDG 16.10)

In the sphere of ever-evolving technology, data security and privacy have become increasingly important topics. And with the emergence of alternative working arrangements, threats to cybersecurity are at an all-time high. D&L recognizes this, and ensures that various controls are in place to secure all pertinent data. It is compliant with the Data Privacy Act of 2012 and all other regulations set forth by the National Privacy Commission.

An appointed Data Protection Officer (DPO) oversees and monitors all topics concerning cybersecurity in D&L. The success of a cybersecurity program hinges on how well a company's employees understand the importance of the policies, and how consistently these rules are followed. Thus, a data security and privacy awareness program is permanently in operation. It includes a monthly wallpaper and email newsletter, and most importantly, an in-classroom orientation, however it had to be paused due to Covid. The company is looking into conducting online orientations to keep employees updated on the newly approved company policy on data privacy.

D&L makes extensive use of data sharing agreements with clients, third parties, and sister companies. Client information is treated as strictly confidential, even between subsidiaries, and client permission is always sought before it is shared. For its B2C businesses, a privacy notice is displayed on all external websites for the information of site visitors. Privacy impact assessments are regularly conducted to evaluate each department on processes that collect or process personal information. Departments that deal with a large volume of sensitive information and those that are at high-risk of data breaches are also closely monitored by the DPO.

Corporate Governance

(GRI 102-18; SDG 16.6; 16.7)

The Company is committed to good corporate governance, which promotes the long-term interests of shareowners, strengthens Board and management accountability, and helps build public trust in the Company.

Board Members

(GRI 405-1; SDG 5.5)

Our Board (download charter) is elected annually and consists of seven (7) directors.

- Six (6) of the seven (7) directors are non-executive
- Four (4) of the seven (7) are independent directors
- Three (3) of the seven (7) directors are women

BOARD OF DIRECTORS	
CHAIRMAN	Yin Yong L. Lao
VICE-CHAIRMAN	John L. Lao
CEO	Alvin D. Lao
LEAD INDEPENDENT DIRECTOR	Atty. Mercedita S. Nolledo
INDEPENDENT DIRECTORS	Dr. Lydia R. Balatbat-Echauz Engr. Filemon T. Berba, Jr. Corazon S. dela Paz-Bernardo

Board Committees

AUDIT COMMITTEE	
CHAIRPERSON	
INDEPENDENT DIRECTOR	Corazon S. dela Paz-Bernardo
MEMBERS	
LEAD INDEPENDENT DIRECTOR	Atty. Mercedita S. Nolledo
INDEPENDENT DIRECTOR	Engr. Filemon T. Berba, Jr.

RENUMERATION COMMITTEE	
CHAIRPERSON	
NON-EXECUTIVE	Yin Yong L. Lao
MEMBERS	
NON-EXECUTIVE	John L. Lao
LEAD INDEPENDENT DIRECTOR	Atty. Mercedita S. Nolledo

CORPORATE GOVERNANCE COMMITTEE	
CHAIRPERSON	
LEAD INDEPENDENT DIRECTOR	Atty. Mercedita S. Nolledo
MEMBERS	
INDEPENDENT DIRECTOR	Dr. Lydia R. Balatbat-Echauz
INDEPENDENT DIRECTOR	Corazon S. dela Paz-Bernardo
NON-EXECUTIVE	Yin Yong L. Lao

RISK OVERSIGHT COMMITTEE	
CHAIRPERSON	
INDEPENDENT DIRECTOR	Engr. Filemon T. Berba, Jr.
MEMBERS	
INDEPENDENT DIRECTOR	Dr. Lydia R. Balatbat-Echauz
EXECUTIVE	Alvin D. Lao
NON-EXECUTIVE	John L. Lao
MEMBER	Corazon S. dela Paz-Bernardo

EXECUTIVE COMMITTEE	
CHAIRPERSON	
NON-EXECUTIVE	Dean L. Lao
MEMBERS	
NON-EXECUTIVE	Leon L. Lao
NON-EXECUTIVE	Alex L. Lao
NON-EXECUTIVE	Yin Yong L. Lao
NON-EXECUTIVE	John L. Lao
EXECUTIVE	Alvin D. Lao

RELATED PARTY TRANSACTION COMMITTEE	
CHAIRPERSON	
INDEPENDENT DIRECTOR	Dr. Lydia R. Balatbat-Echauz
MEMBERS	
INDEPENDENT DIRECTOR	Engr. Filemon T. Berba, Jr.
LEAD INDEPENDENT DIRECTOR	Atty. Mercedita S. Nolledo

NOMINATION COMMITTEE	
CHAIRPERSON	
NON-EXECUTIVE	John L. Lao
MEMBERS	
INDEPENDENT DIRECTOR	Engr. Filemon T. Berba, Jr.
EXECUTIVE	Alvin D. Lao

ADVISORY BOARD	
MEMBER	Dean L. Lao
MEMBER	Leon L. Lao
MEMBER	Alex L. Lao

LEAD INDEPENDENT DIRECTOR
Atty. Mercedita S. Nolledo

Corporate Governance and External Parties

External Auditors

PwC Philippines - Isla Lipana & Co.

Government Agencies

Board of Investments (BOI)
Bureau of Animal Industry (BAI)
Bureau of Customs (BOC)
Bureau of Fire Protection (BFP)
Bureau of Internal Revenue (BIR)
Department of Environment and Natural Resources (DENR)
Department of Labor and Employment (DOLE)
Department of Trade and Industry (DTI)
Energy Regulatory Commission (ERC)
Fertilizer and Pesticide Authority (FPA)
Food and Drug Administration (FDA)
Intellectual Property Office (IPO)
Laguna Lake Development Authority (LLDA)
Land Transportation Office (LTO)
Local Government Units (LGUs)

National Privacy Commission (NPC)

Philippine Drug Enforcement Agency (PDEA)

Philippine Economic Zone Authority (PEZA)

Securities and Exchange Commission (SEC)

Meetings with Investors

JP Morgan Philippine Conference
January 28, 2021 / Virtual

Nomura ASEAN Conference
March 3, 2021 / Virtual

UBS CEO/CFO Forum
March 5, 2021 / Virtual

Citic CLSA Conference
March 9-10, 2021 / Virtual

Regis CEO Roundtable
March 12, 2021 / Virtual

Nomura Philippine Focus Conference
August 24, 2021 / Virtual

JP Morgan Rising Dragons Conference
September 28-29, 2021 / Virtual

Regis & Jefferies Philippine Corporate Day
October 12-13, 2021 / Virtual

Corporate Governance and Internal Parties

Policies and Procedures

These are the basic guidelines on how we should do things properly and with accountability.

Internal Audit

This team of competent auditors is our conscience. They tell us when something has to be improved in terms of control and recognize where good practices are. They report directly to the board's Audit Committee. This protects the interest of our stakeholders in economic, environment and social aspects.

Certifications

(SDG 12.8)

To ensure that its manufacturing practices comply with global best practices, the company keeps itself abreast and compliant with various global standards. In addition, the company also complies with the standards of its customers, which in some cases, especially for multinational customers, are stricter than the global standards.

Below is a list of certifications of D&L and its subsidiaries.

COSMOS	Organic and Natural Certification for Cosmetics
FSSC 22000	Food Safety System Certification
GMP	Good Manufacturing Practices
HACCP	Hazard Analysis Critical Control Point
HALAL (IDCP)	Halal Certification from Islamic Da'wah Council of the Philippines
ISO 14001: 2015	Environmental Management System
ISO 17025:2017	Laboratory Management System
ISO 45001:2018	Occupational Health and Safety Management System
ISO 9001:2015	Quality Management
KOSHER	Kosher Certification
NON-GMO PROJECT	Non-GMO Project Certificate of Verification
ORGANIC EU	Organic Certification - European Union
ORGANIC JAS	Organic Certification - Japan Agricultural Standards
ORGANIC NOP	Organic Certification - USDA-NOP (National Organic Program)

Health, Safety, and Environment Committee

This team ensures that we comply with the government-mandated requirements in the areas of health, safety, and environment.

Data Privacy Officer

This ensures that we do not violate the rights to privacy of our employees, customers and other stakeholders.

Code of Business Principles

The Company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Corporation and all its investors.

At D&L, our values are at the core of our work and our operations. Our corporate Code of Business Principles (the "Code") incorporates our commitment to this fundamental and basic belief and shows the way to doing things.

We enjoin our subsidiaries, affiliates and member companies to adhere where ever and at all times to the set standards of conduct and behavior.

We strongly encourage our people as well as our suppliers, customers, contractors and all those we partner with, to live up to the direction and guidance of the Code. We firmly believe upholding what is right and ethical greatly benefits all.

The Way We Commit to the Code

We call upon our people to comply and commit to the Code of Business Principles. We exhort them to conform to the norms of conduct prescribed therein. We encourage them to seek clarification and guidance from their supervisors, the Head of HR, the Legal Counsel, and the Compliance Officer. We do not tolerate non-compliance. We enforce heavy disciplinary measures on those who ignore and fail to follow the Code. We expect more from our managers and supervisors. We look at them to inspire, lead and model the way of ethical behaviour.

Our business unit heads and managers are ultimately responsible in ensuring compliance. We expect them to actively and visibly provide support. We enjoin them to patiently but persistently promote and encourage employees' adherence to the Code. We hope that our organizational leaders personally engage in assisting and training their own staff in the context of their specific duties and responsibilities.

We urge our employees to bring to the attention of their supervisor or of senior management any breach or suspected violation of the Code. We have support provisions to safeguard strict confidentiality. We also assure that those reporting do not suffer the consequence of disclosing in confidence what they know.

The Way We Do Business

We conduct business guided by the principles of honesty, integrity and transparency. We respect the legitimate rights and interests of those we transact with. We take into account the unique culture of the countries we operate in and comply with their laws and regulations.

The Way We Care for Our Stakeholders

(GRI 102-40, 42, 43, 44; SDG 5.1; 5.5)

Our People

Our employees are our greatest asset. We provide them with opportunities for continuing skills and capability development. We communicate with and consult them. We provide them with safe and healthy working conditions. More importantly, we recognize the dignity and uniqueness of their person. We respect their freedom and their valid and lawful rights. We do not resort to force or any form of coercion. We do not employ child labor or engage minors to work.

We do not discriminate. We treat all equally regardless of race, religion, color, status, sexual orientation, ethnicity, or nationality. Our screening, selection, and hiring and compensation policies are solely based on qualifications. Our training, development, evaluation, promotion, reward, retention and separation procedures follow the principles of meritocracy and objectivity.

Our Customers

We offer products and services of the highest standards of quality and safety. We are committed to creating value. We make sure they are properly and accurately labelled. We use available and appropriate media communications to advertise their unique proposition.

Our Community

We recognize our responsibility as good corporate citizens. Our aim is to contribute to the development of the communities we operate in. Our goal is to create lasting and deep impact benefits to society. We take extra care to avoid disruptions, if not minimize them.

Our Environment

We care for the environment. We are committed to sustainable development. We meet the ever increasing needs of the business but never forget the conservation and preservation of nature. Our long haul horizon goes beyond the present and stretches to generations yet to come. Our efforts not to endanger but rather enhance the ecosystem continue. We also recognize the importance of biodiversity and support the global community in protecting it.

Our Business Partners

We acknowledge the contribution of our customers, suppliers and business partners. We are grateful. We are strongly committed to continue building lasting and mutually benefiting relationships with them. We urge them to partner with us in the pursuit and practice of the Code.

Our Shareholders

We adopt the principles and practice of internationally accepted prescriptions of good corporate governance. We regularly update our shareholders with timely, reliable and accurate information on the company's operational performance and financial position. We continually communicate with them our key initiatives and major activities

The Way We Grow

We are dedicated to growth. In pursuit thereof, we continually innovate. We develop new ways and new products to meet the changing needs of our customers.

We adopt strict standards of sound science and apply very disciplined testing procedures to ensure high level product quality and safety

The Way We Deal with Politics

We cooperate with governments and other organizations in the protection and promotion of the company's legitimate business concerns. We closely collaborate with them in the development of regulatory and legislative initiatives impacting our investments and interests. We do not in any way participate in party politics. We also neither make contributions in kind nor fund campaign connected activities

The Way We Handle Conflicts of Interest & Maintain Integrity

Our employees are expected to keep clear from financial, business, or other relationships and activities that might be opposed to, in competition with, and disadvantageous to company businesses and the proper performance of their duties. We exhort them to conduct themselves in a manner that avoids even just the appearance of a conflict of interests between their personal self-interests and those of the company.

We refrain from receiving gifts beyond accepted, common, and customary courtesy, in cash or kind, directly or indirectly, that might impair judgement, provide preferential treatment, and result in unfair competition. We also do not subscribe to tendering nor accepting payments as bribes. We strongly advise that any demand or offer be readily rejected and immediately reported to management.

Our corporate funds, assets, services, and facilities are not to be used for any unlawful, unethical, and personal enrichment purpose.

GRI Content Index

GRI Standard	Disclosure		Page number(s) and/or URL	Omission
GRI 101: Foundation 2016				
General Disclosures				
GRI 102: General Disclosures 2016	**Organizational profile**			
	102-1	Name of the organization	About the Company, page 10 Corporate Information, page 88	
	102-2	Activities, brands, products, and services	About the Company, page 10	
	102-3	Location of headquarters	Corporate Information, page 88	
	102-4	Location of operations	Corporate Information, page 88	
	102-5	Ownership and legal form	SEC Form 17-A About the Company, page 10	
	102-6	Markets served	Philippines, Our Export Markets, page 12	
	102-7	Scale of the organization	SEC Form 17-A	
	102-8	Information on employees and other workers		*Information unavailable* *Awaiting formal release of 2022 General Information Sheet*
	102-9	Supply chain	Economic Performance, page 43 Procurement Practices, page 45 Anti-Corruption, page 45	
	102-10	Significant changes to the organization and its supply chain		*Not applicable* *There were no significant changes to the organization and its supply chain.*
	102-11	Precautionary Principle or approach	Climate-Related Risks & Opportunities, page 43, Materials, page 50	
	102-12	External initiatives		*Information unavailable* *The Board has not determined which externally-developed economic, environmental and social charters, principles, or other*

GRI Content Index

GRI Standard	Disclosure		Page number(s) and/or URL	Omission
				initiatives, if any, the organization should subscribe or endorse.
	102-13	Membership of associations	Membership of Associations, page 8	
	Strategy			
	102-14	Statement from senior decision-maker	Message from the President & CEO, page 4	
	Ethics and integrity			
	102-16	Values, principles, standards, and norms of behavior	Who we are, page 13	
	Governance			
	102-18	Governance structure	Corporate Governance, page 66	
	Stakeholder engagement			
	102-40	List of stakeholder groups	The Way We Care for Our Stakeholders, page 76	
	102-41	Collective bargaining agreements		*Not applicable* *The organization has no labor unions in any of its subsidiaries and operating facilities.*
	102-42	Identifying and selecting stakeholders	The Way We Care for Our Stakeholders, page 76	
	102-43	Approach to stakeholder engagement	The Way We Care for Our Stakeholders, page 76	
	102-44	Key topics and concerns raised	The Way We Care for Our Stakeholders, page 76	
	Reporting practice			
	102-45	Entities included in the consolidated financial statements	About the Company, page 10 Corporate Information, page 88	
	102-46	Defining report content and topic Boundaries	Global Reporting Initiative (GRI) Standards, page 37	
	102-47	List of material topics	Global Reporting Initiative (GRI) Standards, page 37 Materiality Cross-Reference, page39	
	102-48	Restatements of information		
	102-49	Changes in reporting		
	102-50	Reporting period	About this Report, page 3 Global Reporting Initiative (GRI) Standards, page 37	

GRI Content Index

GRI Standard	Disclosure		Page number(s) and/or URL	Omission
	102-51	Date of most recent report	About this Report, page 3	
	102-52	Reporting cycle	About this Report, page 3	
	102-53	Contact point for questions regarding the report	About this Report, page 3 Corporate Information, page 88	
	102-54	Claims of reporting in accordance with the GRI Standards	Global Reporting Initiative (GRI) Standards, page 37	
	102-55	GRI content index	GRI Content Index, page 78	
	102-56	External assurance		*Not applicable* *The organization has determined that external assurance shall not be engaged for this report.*

Management Approach				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	About this Report, page 3 Management Approach, page 38	
	103-2	The management approach and its components	Management Approach, pages 38	
	103-3	Evaluation of the management approach		*Not applicable* *The organization's evaluation shall commence in the next annual sustainability report.*

Economic Performance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Economic Performance, page 43	
	103-2	The management approach and its components	Economic Performance, page 43	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Economic Performance, page 43	
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	Economic Performance, page 43	

GRI Content Index

GRI Standard	Disclosure		Page number(s) and/or URL	Omission
Procurement Practices				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Procurement Practices, page 43	
	103-2	The management approach and its components	Procurement Practices, page 43	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Procurement Practices, page 43	
Anti-Corruption				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Anti-Corruption, page 45	
	103-2	The management approach and its components	Anti-Corruption, page 45	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption, page 45	
	205-3	Confirmed incidents of corruption and actions taken		*Not applicable* *There were no incidents of corruption for the reporting period.*
GRI 415: Political Contributions 2016	415-1	Political contributions	Anti-Corruption, page 45	*Not applicable* *The organization steers clear of partisan politics, neither contributing in kind nor funding campaign activities.*
Resource Management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Resource Management, page 49	
	103-2	The management approach and its components	Resource Management, page 49	
GRI 301: Materials 2016	103-1	Explanation of the material topic and its Boundaries	Materials, page 50	
	103-2	The management approach and its components	Materials, page 50	
	103-1	Explanation of the material topic and its Boundaries	Energy Consumption, page 49	

GRI Content Index

GRI Standard	Disclosure		Page number(s) and/or URL	Omission
GRI 302: Energy 2016	103-2	The management approach and its components	Energy Consumption, page 49	
	302-1	Energy consumption within the organization	Energy Consumption, page 49	
GRI 303: Water and Effluents 2018	103-1	Explanation of the material topic and its Boundaries	Water Consumption, page 50	
	103-2	The management approach and its components	Water Consumption, page 50	
	303-1	Interactions with water as a shared resource	Water Consumption, page 50	
	303-3	Water withdrawal	Water Consumption, page 50	
	303-5	Water consumption	Water Consumption, page 50	

Environmental Impact Management				
GRI 301: Materials 2016	103-1	Explanation of the material topic and its Boundaries	Solid Waste, page 52 Hazardous Waste, 53	
	103-2	The management approach and its components	Solid Waste, page 52 Hazardous Waste, 53	
	301-1	Materials used by weight or volume	Solid Waste, page 52 Hazardous Waste, 53	
	301-2	Recycled input materials used	Solid Waste, page 52 Hazardous Waste, 53	
GRI 303: Water and Effluents 2018	103-1	Explanation of the material topic and its Boundaries	Effluents, page 53	
	103-2	The management approach and its components	Effluents, page 53	
	303-4	Water discharge	Effluents, page 53	
GRI 305: Emissions 2016	103-1	Explanation of the material topic and its Boundaries	Air Emissions/GHG, page 52	
	103-2	The management approach and its components	Air Emissions/GHG, page 52	
	305-1	Direct (Scope 1) GHG emissions	Air Emissions/GHG, page 52	
	305-2	Energy indirect (Scope 2) GHG emissions	Air Emissions/GHG, page 52	
	305-6	Emissions of ozone-depleting substances (ODS)	Air Emissions/GHG, page 52	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Air Pollutants, page 52	*Information unavailable*

GRI Content Index

GRI Standard	Disclosure		Page number(s) and/or URL	Omission
				Our companies have yet to standardize their units of measure for these air pollutants.
Environmental Compliance				
GRI 307: Environmental Compliance 2016	103-1	Explanation of the material topic and its Boundaries	Environmental Compliance, page 53	
	103-2	The management approach and its components	Environmental Compliance, page 53	
	307-1	Non-compliance with environmental laws and regulations		*Not applicable* *The organization has not identified any non-compliance with environmental laws and/or regulations.*
Ecosystem & Biodiversity				
GRI 304: Environmental Compliance 2016	103-1	Explanation of the material topic and its Boundaries	Ecosystem & Biodiversity, page 54	
	103-2	The management approach and its components	Ecosystem & Biodiversity, page 54	
	304-2	Significant impacts of activities, products and services on biodiversity	Next generation facility in Batangas, page 15 Ecosystem & Biodiversity, page 54	
Employee Management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Employee Management, page 57	
	103-2	The management approach and its components	Employee Management, page 57	
GRI 401: Employment 2016	103-1	Explanation of the material topic and its Boundaries	Employee Hiring and Benefits, page 57	
	103-2	The management approach and its components	Employee Hiring and Benefits, page 57	
	401-1	New employee hires and employee turnover	Employee Hiring and Benefits, page 57	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Hiring and Benefits, page 57	

GRI Content Index

GRI Standard	Disclosure		Page number(s) and/or URL	Omission
GRI 402: Labor/Management Relations 2016	103-1	Explanation of the material topic and its Boundaries	Labor-Management Relations, page 58	
	103-2	The management approach and its components	Labor-Management Relations, page 58	
	402-1	Minimum notice periods regarding operational changes	Labor-Management Relations, page 58	
GRI 404: Training and Education 2016	103-1	Explanation of the material topic and its Boundaries	Employee Training & Development, page 57	
	103-2	The management approach and its components	Employee Training & Development, page 57	
	404-1	Average hours of training per year per employee	Employee Training & Development, page 57	
	404-2	Programs for upgrading employee skills and transition assistance programs	Employee Training & Development, page 57	
GRI 405: Diversity and Equal Opportunity 2016	103-1	Explanation of the material topic and its Boundaries	Diversity and Equal Opportunity, page 58	
	103-2	The management approach and its components	Diversity and Equal Opportunity, page 58	
	405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunity, page 58 Board Members, page 67	

Workplace Conditions, Labor Standards, and Human Rights				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Workplace Conditions, Labor Standards, and Human Rights, page 59	
	103-2	The management approach and its components	Workplace Conditions, Labor Standards, and Human Rights, page 59	
GRI 403: Occupational Health and Safety 2018	103-1	Explanation of the material topic and its Boundaries	Occupational Health & Safety, page 59	
	103-2	The management approach and its components	Occupational Health & Safety, page 59	
	403-1	Occupational health and safety management system	Occupational Health & Safety, page 59	
	403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health & Safety, page 59	
	403-3	Occupational health services	Occupational Health & Safety, page 59	
	403-5	Worker training on occupational health and safety	Occupational Health & Safety, page 59	
	403-8	Workers covered by an occupational health and safety management system	Occupational Health & Safety, page 59	

GRI Content Index

GRI Standard	Disclosure		Page number(s) and/or URL	Omission
	403-9	Work-related injuries	Occupational Health & Safety, page 59	
	403-10	Work-related ill health	Occupational Health & Safety, page 59	*Not applicable* *The organization has no incidents of work-related ill health for the reporting period.*

Supply Chain Management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Supply Chain Management, page 60	
	103-2	The management approach and its components	Supply Chain Management, page 60	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Supply Chain Management, page 60	*Information unavailable* *Policy & procedures for evaluating environmental criteria for suppliers shall be finalized for next year's report.*
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Supply Chain Management, page 60	*Information unavailable* *Policy & procedures for evaluating risks of child labor for suppliers shall be finalized for next year's report.*
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supply Chain Management, page 60	*Information unavailable* *Policy & procedures for evaluating risks of forced or compulsory labor for suppliers shall be finalized for next year's report.*

Relationship with Community				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Relationship with Community, page 61	
	103-2	The management approach and its components	Relationship with Community, page 61	

GRI Content Index

GRI Standard	Disclosure		Page number(s) and/or URL	Omission
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Relationship with Community, page 61	

Customer Management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Customer Management, page 62	
	103-2	The management approach and its components	Customer Management, page 62	
GRI 416: Customer Health and Safety 2016	103-1	Explanation of the material topic and its Boundaries	Health and Safety, page 64	
	103-2	The management approach and its components	Health and Safety, page 64	
GRI 417: Marketing and Labeling 2016	103-1	Explanation of the material topic and its Boundaries	Marketing and Labeling, page 64	
	103-2	The management approach and its components	Marketing and Labeling, page 64	
	417-2	Incidents of non-compliance concerning product and service information and labeling		*Not applicable* *The organization had no incidents of non-compliance concerning product and service information and labeling.*
	417-3	Incidents of non-compliance concerning marketing communications		*Not applicable* *The organization had no incidents of non-compliance concerning marketing communications.*
GRI 418: Customer Privacy 2016	103-1	Explanation of the material topic and its Boundaries	Customer Privacy, page 64	
	103-2	The management approach and its components	Customer Privacy, page 64	
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		*Not applicable* *The organization had no substantiated complaints concerning breaches of customer privacy and losses of customer data.*

GRI Content Index

GRI Standard	Disclosure		Page number(s) and/or URL	Omission
Data Security				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundaries	Data Security, page 65	
	103-2	The management approach and its components	Data Security, page 65	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		*Not applicable* *The organization had no substantiated complaints concerning breaches of customer privacy and losses of customer data.*

Corporate Information

Company Headquarters	GRI 102-3	D&L Industries, Inc. 65 Calle Industria Bagumbayan, Quezon City 1110 Metro Manila, Philippines
Location of Operations	GRI 102-4	Philippines
Subsidiaries	GRI 102-45	Aero-pack Industries, Inc. Chemrez Product Solutions, Inc. Chemrez Technologies, Inc. D&L Polymer & Colours, Inc. D&L Premium Foods Corp. First in Colours, Inc. Natura Aeropack Corporation Oleo-fats Incorporated
Investor Relations	GRI 102-53	Tel +63 2 8635 0680 Fax +63 2 8635 0703 E-mail ir@dnl.com.ph

Stockholder Inquiries

D&L Industries, Inc.'s common stock is listed and traded in the Philippine Stock Exchange under the symbol "DNL". Inquiries regarding dividend payments, accounts status, address changes, stock certificates, and other pertinent matters may be addressed to the company's transfer agent.

Stock Transfer Service, Inc.
Unit D, 34/F Rufino Pacific Tower
6784 Ayala Avenue, Makati City
Tel (632) 8403 2410 / (632) 8403 2412 Fax (632) 8403 2414
Email rdregala@stocktransfer.com.ph

Appendix 2

COVER SHEET

4 4 8 5 2

D & L INDUSTRIES INC

(Company's Full Name)

6 5 INDUSTRIA ST BAGUMBAYAN

QUEZON CITY

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

KRISTINE ANN CATINDIG-ONG
Contact Person

8635-0680
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

SEC Form 17-Q as of March 31, 2022
FORM TYPE

0 6 0 6
Month Day
Annual Meeting

Secondary License Type, if Applicable

C F D
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

184
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2) (b) THEREUNDER

1. For the quarterly period ended **March 31, 2022**

2. Commission identification number **44852**

3. BIR Tax Identification No. **000-421-957-000**

4. **D&L INDUSTRIES, INC.**
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

7. **65 Calle Industria, Bagumbayan, Q.C.** **1110**
   Address of issuer's principal office Postal Code

8. **(02) 8635 0680**
   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 Code, or Sections 4 and 8 of the RSA

Title of Each Class	**Common Stock, P1 par value**
No. of Shares of Common Stock Issued & Outstanding	**7,142,857,990 Shares as of March 31, 2022**
Amount of Debt Outstanding	**P13,544,363,494 as of March 31, 2022**

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

    Yes [✓] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange; A total of 7,142,857,990 shares of common stock with par value of P1.00 each.

12. Indicate by check mark whether the registrant:
    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 the registrant was required to file such reports)

        Yes [✓] No [ ]

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

        Yes [✓] No [ ]

PART I-FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited interim consolidated financial statements of D&L Industries, Inc. and its wholly-owned subsidiaries Oleo-Fats, Incorporated, First in Colours, Incorporated, D&L Polymer and Colours, Inc., Chemrez Technologies, Inc., Chemrez Product Solution Inc., Aero-Pack Industries, Inc., Natura Aeropack Corporation, and D&L Premium Foods Corp. (collectively, the "Company") for the **three months ended March 31, 2022** and the comparative period in 2021 is attached to this 17-Q report, comprising of the following:

1.1 Consolidated Balance Sheets as at March 31, 2022 and December 31, 2021 (Annex A)
1.2 Consolidated Statements of Income and Retained Earnings for the period ended March 31, 2022 and March 31, 2021 (Annex B)
1.3 Consolidated Statements of Cash Flows for the period ended March 31, 2022 and March 31, 2021 (Annex C)
1.4 Consolidated Statements of Changes in Shareholders' Equity for period ended March 31, 2022 and March 31, 2021 (Annex D)
1.5 Segment Revenue and Income Information for the period ended March 31, 2022 and March 31, 2021 (Annex E)
1.6 Other Segment Information as at March 31, 2022 and December 31, 2021 and for the period ended March 31, 2022 and March 31, 2021 (Annex F)

The foregoing unaudited interim consolidated financial statements were approved by the Audit Committee and the Board of Directors in their respective meetings held last May 4, 2022.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Based on the Unaudited Consolidated Results for the Period Ended March 31, 2022)

Business Overview

The Company is the holding company for a group of companies with interests in the customization, development, and manufacturing of food ingredients (Oleo-Fats, Incorporated), colorants, additives, and engineered polymers for plastics (D&L Polymer and Colours, Inc., and First in Colours, Inc.), aerosol products (Aero-Pack Industries, Inc.), as well as manufacturing of oleochemicals, resins, and powder coating (Chemrez Technologies, Inc.). It also renders management and administrative services to subsidiaries and affiliate companies. The Company's registered office address and principal place of business is 65 Calle Industria Brgy. Bagumbayan, Quezon City.

The Company is a publicly-listed company, which was officially listed in the Philippine Stock Exchange (PSE) on December 12, 2012. As of March 31, 2022, the Company is 61%-owned by Jadel Holdings Co., Inc. (JHI) and 10% directly owned by the Lao family. The public holds the remaining 29% of the shares outstanding.

D&L's major subsidiaries are as follows:

- *Food ingredients* – The Company, operating through its subsidiary OFI and soon through DLPF, manufactures a line of bulk and specialty fats and oils, culinary and other specialty food ingredients. The Company contract manufactures and provides food ingredient products to most of the leading food manufacturers and quick-service restaurant chains in the Philippines, and also produces food safety solutions such as cleaning and sanitation agents for various customers.

- *Oleochemicals, resins and powder coatings* – The Company, through Chemrez Technologies, Inc. (CTI) and its subsidiary Chemrez Product Solutions, Inc. (CPSI), and soon through NAC, focus on developing, manufacturing, and supplying high value customized resins,

oleochemicals, and specialty products that are sustainable and cost-efficient, while enabling customers to build bigger markets. Its customer base include many industries such as biofuels, personal and home care, health and nutrition, and construction industries. CTI and CPSI serve local and international customers.

- *Colorants and plastics additives* – The Company, operating through its subsidiaries First in Colours, Inc. (FIC) and D&L Polymer and Colours, Inc. (DLPC), develops and manufactures innovative plastic solutions that make plastics aesthetically appealing, functional, and sustainable. The group's products are mainly classified as plastic colorants, additive masterbatches, and engineered polymers. Plastic colorants give plastics precise coloring and special effects mainly used for brand and product identification. Additive masterbatches add functional features to plastics such as higher processability, antimicrobial properties, and anti-static properties. Meanwhile, engineered polymers are plastic compounds that have improved mechanical and thermal properties that make them ideal for films, bottles, furniture, appliances, electronic and automotive parts, etc. Lastly, the group offers sustainable options such as compostable plastics, biodegradable plastics, bio-based plastics, recycled compounds, and upcycled materials.

- *Consumer Products ODM* – The Company, operating through its subsidiary Aero-Pack Industries, Inc., and soon through NAC, is a full original design manufacturer (ODM) and original equipment manufacturer (OEM) that offers customized aerosols and non-aerosols products to other businesses across different industries such as home care, personal care, and maintenance chemicals. The Company offers a full turnkey solution from product formulation to design, packaging, production, and delivery to customers. It is the first and the biggest aerosol manufacturing company in the Philippines with almost all of its sales coming from the domestic market.

Results of Operations

Three months ended March 31, 2022 versus March 31, 2021

- D&L Industries' earnings in the first quarter stood at P780 million, which was up 12% YoY, up 63% QoQ, and above pre-COVID income levels booked in 1Q19 and 1Q18. 1Q22 earnings represent the highest income level for the company in three years despite the Omicron surge in January. The better-than-expected earnings mainly came from the strong performance of its Oleochemicals division and exports, which more than offset the drag from the Omicron surge. With a lower COVID alert level in place and continued decline in new cases in the country, the company sees a continued build up in momentum and renewed business optimism for further recovery.

- Prices of some of the company's key raw materials such as coconut and palm oil have rallied significantly in 1Q22. Average coconut oil and palm oil prices were up over 50% YoY in 1Q22. Recent global developments such as the Russia-Ukraine conflict and the proposed Indonesian ban on palm oil may likely keep prices of commodities elevated in the near-term.

- D&L is so far able to weather the volatility in raw material prices as it is able to adjust its selling price regularly to reflect higher input costs. As shown in the chart below, D&L's revenues have been increasing since the pandemic, evidencing the company's ability to pass on higher raw material prices.

- In addition, the company's high margin specialty products (HMSP) segment and commodity segment saw a 1.7-ppt and 2.4-ppt margin recovery, respectively, from levels

recorded in 4Q21. This demonstrates that margin compressions due to higher input costs are temporary and that margins should eventually recover once commodity prices start to stabilize. As far as the Indonesian ban on palm oil is concerned, the company sees limited risk of disruption as D&L has abundant supply sources.

- D&L's commodity division saw its volume grow by 18% YoY in 1Q22. Under this division, the company sells straight oils for food application and biodiesel. Both segments performed well given new customers under food which required straight oils and the continued economic reopening which resulted in higher biodiesel demand. As a result of the strong commodity growth, the company's sales mix tilted towards commodities which accounted for 47% of total sales vs just 43% in FY21. Commodity sales grew by 56% YoY while HMSP sales grew by 29% YoY in 1Q22.

- While D&L's focus remains on growing its HMSP segment, the company's commodity segment continues to have a strategic importance. While average margins in the commodity segment is lower, it is income accretive and helps the company cover some of its fixed costs while requiring very little resources.

- Exports continued its positive momentum in 1Q22, jumping 45% YoY for the quarter. Export contribution to total revenues in 1Q21 stood at 34%, evidencing the company's commitment to diversifying its revenue base by strategically growing its international customer base. The company is optimistic that it will reach its long-term target export contribution of 50%. The new facility in Batangas will add a significant amount of new capacity, focusing mainly on higher value and higher margin products which will allow the company to cater to more customers in both local and overseas markets in the future.

	FY17	FY18	FY19	FY20	FY21	3M21	3M22
export as % of total sales	25%	24%	21%	29%	33%	34%	34%

- Gross profit for the first three months of the year increased by 14% to P1.34 billion from P1.17 billion.

- Selling and marketing expenses were higher by 40% at P270 million from P194 million mostly from higher delivery charges.

- Administrative expenses were higher by 20% at P127 million from P106 million mostly from higher taxes and miscellaneous expenses.

- The Company booked forex gains of P41 million in the first quarter of the year, which is significantly higher than the P8.7 million in forex gains booked in the same period last year.

- Finance costs decreased by 4% to P31 million from P33 million.

- Income tax expense was higher by 14% at P173 million as a result of higher income for the period.

- The company remains profitable. Return on Equity (ROE) and Return on Invested Capital (ROIC) stood at 15.7% and 13.8%, respectively, for the first quarter of 2022.

Segment Operations

- The **food ingredients** business saw its income drop by 19% YoY in the first quarter. The drag mainly came from the Omicron surge in January. With alert level 3 in place for almost the entire month of January, mobility was once again restricted with only limited capacity allowed in public transportation and food establishments. This business was the segment most heavily affected by the pandemic, hence it is also expected to post the sharpest recovery post-pandemic. With quarantine restrictions now easing across the country and in the economic hub of Metro Manila, the company anticipates that further recovery is set to continue as fully vaccinated individuals are granted more freedom of movement, especially when frequenting restaurants, hotels, and the service industry.

- **Chemrez** had a stellar performance in the first quarter with earnings growing 57% YoY. The earnings growth was mainly driven by the Oleochemicals division which saw its volume grow by 11% YoY and GPM recover by 4.7 ppts, evidencing the company's ability to adjust its prices regularly to reflect higher input costs. Under Oleochemicals division, the company sells various coconut oil derivatives which are categorized as either commodity (biodiesel) or high margin coconut oil-based products mostly for exports. As the economy continues to reopen, demand for biodiesel has also started to pick up. Meanwhile, the high margin coconut-based products which are sustainable substitutes for petroleum-based raw materials used in many applications such as personal hygiene and home cleaning products continue to benefit from the increasing consumer awareness and preference for natural, organic, and sustainable products.

- **Specialty plastics** income increased by 20% YoY in 1Q22 as the 2.5-ppt margin expansion more than offset the impact of the 20% YoY volume decline for the period. The margin expansion mainly came from the colorants and additive division due to the election-fuelled demand for higher margin plastic colorants used in tarpaulins which are used as campaign materials. Meanwhile, the drop in volume was mainly due to the disruptions brought about by the Omicron surge in January and the global shortage of semiconductor chips used in automotives which resulted in lower demand for wire harnesses.

- **Consumer products ODM,** previously referred to as Aerosols, saw its income decline by 31% YoY in 1Q22 as higher raw material prices for the period dragged margins which was down 5.7ppts. Nonetheless, the company does expect margins to recover as it continues to adjust prices every 30-45 days. The company also anticipates demand for its consumer products to strengthen as quarantine restrictions ease, leading to greater foot traffic in retail outlets and more consumers resuming the regular use of personal hygiene products.

Key Performance Indicators

	For the period end March 31, 2022	For the period end March 31, 2021
Gross profit margin [a]	*13.4%*	*16.6%*
Net profit margin [b]	*7.8%*	*10%*
Interest cover [c]	*31x*	*29x*
Return on Equity [d]	*15.7%*	*15.7%*
	As of end March 31, 2022	**As of end December 31, 2021**
Net debt to equity ratio [e]	*45%*	*45%*
Asset-to-Equity ratio [f]	*1.88*	*1.90*
Current ratio [g]	*1.81*	*1.82*
Book Value per share [h]	*2.78*	*2.67*

[a] *Gross Profit / Revenues*
[b] *Net Profit available to owners of the Parent company / Revenues*
[c] *Earnings before interest and taxes / Finance costs*
[d] *Annualized Net Income available to owners of the Parent Company / Shareholders' Equity*
[e] *(Borrowings - Cash) / Shareholders' Equity*
[f] *Total Assets/ Total equity*
[g] *Current Assets / Current Liabilities*
[h] *Shareholders' Equity (available to owners of the Parent) / outstanding number of common shares*

Financial Condition

Period end March 31, 2022 versus Period end December 31, 2021

- The company remains in a good liquidity position as current ratio stood at 1.81x as of end March 2022.

- Cash decreased by P667 million to P4.6 billion as the company continues to deploy the proceeds of its recent bond offering to finance the construction of its new facility in Batangas.

- Receivables increased by 3% during the period to P5.5 billion from P5.3 billion. Meanwhile, average account receivable days stood at 47 days vs 50 days in FY21.

- Inventories increased by 7% to P7.9 billion mainly on higher average prices of key raw materials such as coconut and palm oil. Average days in inventory stood at 82 days vs 91 days in FY21.

- Net debt to equity ratio stood at 45%. Borrowings slightly decreased to P13.5 billion from P13.8 billion at end December 2021.

- Total equity increased by P780 million to P19.9 billion.

- During the period, the Company's cash generally went to acquisition of property and equipment related to its expansion plan in Batangas.

    - Net cash generated by operating activities amounted to P313 million.
    - Net cash used in investing activities amounted to P643 million. This was spent on acquisition of property and equipment.
    - Net cash used in financing activities amounted to P342 million, which went to payment of borrowings.

D&L's Plan of Operation for 2022

The company faced incredible challenges during the pandemic. Now emerging two years later on a better footing both operationally and financially, with earnings already back to pre-COVID levels, the company has not only proven but also strengthened its resilience.

From a capital structure perspective, the company is in a solid position to withstand external pressure. As of end-March 2022, it remained moderately-geared with net debt at 45% and interest cover at 31x. In addition, the cash conversion cycle for the period was lower at 109 days vs pre-pandemic level of 161 days in 2019.

While the company is cautiously optimistic that the pandemic is already at its tail end, D&L remains focused on its core competencies, ready to ride another wave of volatility brought about by recent geopolitical uncertainties. While Russia and Ukraine are not a significant part of the company's supplier or customer base, the ongoing conflict poses a threat to global recovery and has sent prices of key commodities skyrocketing over a short span of time. In the near-term, the company sees demand affected by two opposing forces - continued economic reopening on one hand, and generally higher prices of basic commodities on the other.

Nonetheless, while challenges remain, the company continues to pursue areas of opportunities that will bring the next leg of growth. With coconut oil continuing to gain traction globally as a natural and sustainable substitute to many petroleum-based raw materials, D&L plans to further capitalize on this by entering more export markets and by using its R&D expertise to introduce more highly specialized, coconut-oil based products.

D&L's expansion plan in Batangas is set to be completed by January 2023. The said expansion facility will mainly cater to D&L's growing export businesses in the food and oleochemicals segments. It will add the capability to manufacture downstream packaging, thus allowing the company to capture a bigger part of the production chain. For instance, while the company primarily sells raw materials to customers in bulk, the new plants will allow it to "pack at source". This means that D&L will have the ability to process the raw materials and package them closer to finished consumer-facing products. This will enable D&L to move a step closer to its customers by providing customized solutions and simplifying their supply chain, which is of high importance given logistical challenges in general.

Impact of COVID-19 pandemic

The Company's manufacturing activities, including the ongoing construction of new manufacturing facilities in Batangas have continued. The Company has complied with all the health and safety protocols imposed by the Government.

The Company has performed an assessment of the overall impact of the situation on the Company's operations, including the measurements of assets and liabilities of the Company and concluded that there are no material adverse effects on the Company's operations and financial position.

Basis of preparation

The principal accounting policies adopted in the preparation of these condensed consolidated interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

This condensed consolidated interim financial statements for the three-month period ended March 31, 2022 has been prepared in accordance with Philippines Accounting Standard (PAS) 34 Interim Financial Reporting.

The condensed consolidated interim financial statements do not include all the notes normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended December 31, 2021 and any public announcements made by the Company during the three-month period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax.

There are no new accounting standards or amendments effective January 1, 2022 that have a material impact on these condensed consolidated interim financial statements.

There are no other future standards, amendments or interpretations that are effective beginning on or after January 1, 2022 that are expected to have a material impact on the Company's financial statements.

Selected Notes to the Interim Consolidated Financial Statements

In compliance with the requirements of the Securities Regulations Code

1. The same accounting policies and methods of computation were followed in the interim consolidated financial statements consistent with those adopted for the Company's annual consolidated financial statements for the year ended December 31, 2021.

2. Interim operations do not follow any particular seasonal or cyclical pattern. Except as discussed in the foregoing, demand for the Company's products have been historically fairly constant throughout the previous years.

3. Significant fixed asset additions during the periods pertain to the construction of the expansion facility in Batangas.

4. There were no items not in the ordinary course of business that affected assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

5. There were no changes in estimates of amounts reported in prior interim periods of financial years prior to the commencement of results reporting on a consolidated basis.

6. There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created subsequent to the end of the interim period that has not been reflected in the financial statements for the period.

7. There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

8. Other than what has been disclosed in the foregoing report, there are no existing material contingencies, events or transactions that are material to an understanding of the current interim period.

9. There are no events other than those already disclosed that will trigger direct or contingent financial obligations that are material to the Company, including any default or acceleration of an obligation.

10. There are no trends, demands, commitments, events or uncertainties known to management that will have a material adverse impact on the Company's liquidity.

11. There are currently no material commitments for capital expenditures except as already disclosed.

12. The Company is not aware of any trend, event or transaction that would have a material impact on its results of operations or on its financial condition except as already disclosed.

13. Aside from interest earnings from the Company's cash deposits, there are no significant elements of income or loss that did not arise from the issuer's continuing operations.

14. Any material changes from period to period in any line items of the Company's financial statements that have not been explained in the **Management's Discussion and Analysis** section of this report were the results of normal fluctuations in operations.

15. The interim consolidated financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

Additional Disclosures on Risk Management and Financial Instruments

1. Financial risk factors

The Company's activities expose it to a variety of financial risks and these activities involve the analysis, evaluation and management of some degree of risk or combination of risks. The Company's overall risk management program focuses on the unpredictability of financial markets, aims to achieve an appropriate balance between risk and return and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is led by the Chief Risk Officer and overseen by the Board of Directors.

The most important types of risk the Company manages are: credit risk, market risk and liquidity risk. Market risk includes foreign currency exchange, price and interest risks.

2. Components of financial assets and liabilities by category

2.1 Financial assets

Details of the Company's financial assets are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Financial assets at amortized cost		
Cash and cash equivalents	4,526,382,038	5,223,083,857
Receivables, gross	5,584,492,687	5,393,577,343
Due from related parties	114,823,697	108,686,787
Refundable deposits	333,292,648	106,459,514
	10,558,991,069	10,831,807,501
Financial assets at FVPL	407,003,147	650,480,414
Financial assets at FVOCI	198,000,979	198,000,979
	11,163,995,196	11,680,288,894

Receivables are presented gross of allowance for impairment as at March 31, 2022 amounting to P 54,794,247 (December 31, 2021 - P54,885,595).

The other components of other current and noncurrent assets are considered non-financial assets which include deposits to suppliers, input VAT, creditable withholding taxes and prepayments.

The carrying amounts of financial assets at amortized cost approximate their fair values (Level 1) as the impact of discounting is not considered significant. Financial assets at FVPL and FVOCI are measured at quoted prices (Level 1). Investments in FVPL include investments in open-ended unit investment trust funds that are redeemable anytime and reports daily net asset value.

2.1 Financial liabilities

Details of the Company's financial liabilities, categorized as other financial liabilities at amortized cost at December 31 are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade payables and other liabilities	2,963,940,865	2,830,551,657
Due to related parties	258,360,203	40,663,060
Loan payable to a related party (long-term)	365,372,830	400,709,523
Lease liabilities	4,944,363,494	4,940,005,642
Borrowings	13,350,000,000	8,850,000,000
	21,882,037,392	17,061,929,882

Trade payables and other liabilities exclude amounts due to regulatory agencies and advances from customers as at March 31, 2022 amounting to P30,008,281 and P171,098 (December 31, 2021 - P66,930,860 and P493,426), respectively.

The carrying amounts of financial liabilities at amortized cost approximate their fair values (Level 2) due to their short-term nature and/or the impact of discounting is not considered significant.

As at December 31, 2021, estimated fair value (Level 2) of the P300 million long-term borrowings from a related party approximates its carrying amount as it carries market interest rate of 5%.

3. Credit Risk

The Company's exposure to credit risk arises primarily from financial assets at amortized cost and financial assets at FVTPL.

The Company has prudent credit policies to ensure that sales of its products are made to customers with good credit history. The senior management team, product group heads and the respective sales team perform credit evaluation and monthly review of outstanding receivables as part of the regular performance assessment process. All significant receivables from key customers are monitored for collectability and actual settlement performance, and specific action plans are required for any material overdue amounts from all categories of customers.

The Company's financial assets that are subject to the expected credit loss model are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	Basis for recognition of ECL
Financial assets at amortized cost			
Cash and cash equivalents	4,524,082,438	5,215,594,852	12-month ECL
Trade and other receivables	5,584,492,687	5,393,577,343	Lifetime ECL
Due from related parties	114,823,697	108,686,787	12-month ECL
Refundable deposits	333,292,648	106,459,514	12-month ECL
Financial assets at FVTPL	407,003,147	650,480,414	Marked to market
	10,963,694,617	11,474,798,910	

Cash and cash equivalents exclude cash on hand as at March 31, 2022 amounting to P2,299,600 (2021 - P7,489,005) which is not subject to credit risk.

The maximum exposure to credit risk at the reporting date is the carrying value of financial assets summarized above.

None of the financial assets that are fully performing has been renegotiated as at March 31, 2022 and December 31, 2021.

The Group does not hold any collateral as security to the above financial assets.

Cash in bank

Credit risk exposure arising from cash in bank arises from default of the counterparty, with a maximum exposure equal to the fair value of the financial asset. To minimize credit risk exposure, the Group deposits its cash in banks with good credit ratings.

Cash deposited in these banks are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Universal banks	4,516,570,768	5,208,117,105
Thrift banks	7,511,670	7,477,747
	4,524,082,438	5,215,594,852

While cash in banks are also subject to requirements of PFRS 9, expected credit loss is considered not significant. The Group does not hold any collateral as security to the above financial assets.

Due from related parties

Due from related parties pertain to amounts receivable for sale of inventories and services to related parties. These are non-interest bearing and are collectible generally within 30 to 60 days after transaction date. Due from related parties are fully recoverable. Management does not foresee significant credit risk on the outstanding balances of due from related parties as these are transacted with related parties with strong financial and liquidity positions.

Trade and other receivables

i) Trade receivables

The Company applies the PFRS 9 simplified approach to measuring expected credit losses which used a lifetime expected loss allowance for trade receivables arising from sale of goods and services to third parties. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the historical collection cycle.

The expected loss rates are based on the payment profiles of counterparties over a period of 36 months and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Company has identified the Gross Domestic Product (GDP) and the Inflation Rates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at period end was determined as follows:

March 31, 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate				9.96%	0.98%
Gross carrying amount - trade receivables	3,457,498,731	1,279,226,310	290,605,266	550,287,435	5,577,617,741
Loss allowance	-	-	-	54,794,247	54,794,247
Net receivables	3,457,498,731	1,279,226,310	290,605,266	495,493,188	5,522,823,494

December 31, 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0.53%	0.45%	0.62%	5.84%	7.44%
Gross carrying amount - trade receivables	2,847,281,895	1,569,031,974	460,999,306	510,661,502	5,387,974,677
Loss allowance	(15,222,711)	(7,006,160)	(2,845,308)	(29,811,416)	(54,885,595)
Net receivables	2,832,059,184	1,562,025,814	458,153,998	480,850,086	5,333,089,082

Trade receivables from its five major customers per segment as at March 31, 2022 and December 31, 2021 are as follows:

March 31, 2022 (Unaudited)	Carrying amount	Neither past due nor impaired	Past due but not impaired			Overdue and impaired
			31 - 60 days	61 - 90 days	Over 90 days	
TOP 5	1,994,614,262	1,476,049,949	470,653,099	37,624,154	10,287,061	-

December 31, 2021 (Audited)	Carrying amount	Neither past due nor impaired	Past due but not impaired			Overdue and impaired
			31 - 60 days	61 - 90 days	Over 90 days	
TOP 5	2,685,123,038	1,499,577,647	898,450,875	208,795,132	78,299,384	

ii) Other receivables

Other receivables include loans to officers and employees amounting to P6,874,946 (2019 - 5,602,666). To address credit risk, these advances are subject to liquidation and/or collectible through salary deduction.

Refundable deposits

This account pertains to security deposits on properties leased by the Company. Security deposits are generally refundable at the end of the lease term. Management does not expect significant credit risk on these deposits.

Financial assets measured at FVPL

The Company's investments in debt instruments are considered to have low credit risk. Management considers 'low credit risk' for unit investment trust funds, as they are managed by universal banks with good credit ratings.

4. Market Risk

4.1 Foreign currency exchange risk

The Company's foreign currency denominated monetary assets and liabilities as at December 31 consist of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
In USD		
Cash	17,868,975	7,647,402
Receivables	21,781,431	23,899,276
Financial assets at FVPL	7,022,877	8,104,341
	46,673,284	39,651,019
Trade payable and other liabilities	(14,646,926)	(10,735,293)
Net assets in USD	32,026,358	28,915,726
Closing exchange rate	51.96	50.99
Philippine peso equivalent	1,664,089,568	1,474,412,869

Foreign exchange gain, net for the periods ended March 31 consist of:

	March 31, 2022 (Unaudited)	March 31, 2021 Unaudited)
Realized foreign exchange gain/(loss)	50,354,205	6,242,255
Unrealized foreign exchange gain/(loss)	(9,172,763)	2,467,824
	41,181,442	8,710,179

Foreign exchange risk arises when future commercial transactions and assets and liabilities are denominated in a currency that is not the Parent Company's functional currency.

The Company manages its foreign currency exchange risk through minimizing foreign currency denominated transactions. Also, the Company maintains sufficient cash in foreign currency to cover its maturing obligations. A market driven change in foreign currency exchange rate, arising from US Dollar denominated assets (liabilities), as at March 31 would lead to immaterial pre-tax profit and equity movements.

4.2 Price risk

As at March 31, 2022, the Company is exposed to price risk in relation to its investments in debt and equity financial assets amounting to P407,003,147 and P208,000,979, respectively (December 31, 2021 - P650,480,414 and P198,000,979, respectively). Components of debt and equity financial assets would increase or decrease as a result of gains or losses on these financial assets measured at fair value at the end of each reporting period. Management monitors such financial assets based on the net asset value of the debt instruments (unit investment trust funds) current market price of the shares. These financial assets are managed on an individual basis, and all buy and sell decisions are approved by the Management Committee.

The impact of a market driven change in fair value of the debt and equity investments, with all other variables held constant, would have been immaterial.

4.3 Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of financial assets and liabilities will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of financial assets and liabilities will fluctuate because of changes in market interest rates.

Cash flow interest rate risk

The Company's exposure to cash flow interest rate risk pertains to short-term borrowings where the related interests are repriced at periodic intervals based on the prevailing mark-to-market prices, in accordance with the terms of the agreement. The Company's practice is to manage its interest cost by reference to current market rates in borrowings.

The Company's fixed rate borrowings are measured at amortized cost. They are therefore not subject to cash flow interest rate risk as defined in PFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Fair value interest rate risk

Changes in the market interest rates of the Company's financial liabilities with fixed interest rates only affect income if these are measured at their fair value. As such, the Company's financial liabilities with fixed interest rates that are measured at amortized cost are not subject to fair value interest rate risk as defined in PFRS 7.

5. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility by keeping credit lines available.

On a regular basis, management monitors forecasts of the Company's liquidity reserve on the basis of expected cash flows. The Company places cash in excess of immediate requirements in banks.

The table below summarizes the maturity profile of the Company's non-derivative financial liabilities based on contractual undiscounted payments:

	Due and demandable	Within 12 months	Over 12 months	Total
March 31, 2022				
Trade payables and other liabilities	231,324,469	3,038,615,278	-	3,269,939,747
Due to related parties	-	258,360,203	-	258,360,203
Borrowings and future interest payments	-	13,464,340,768	-	13,464,340,768
Bonds Payable and future interest payments		155,579,000	5,013,036,786	5,168,615,786
Lease liabilities and future interest payments	-	138,741,205	231,593,144	370,334,349
	231,324,469	17,055,636,454	5,244,629,930	22,531,590,853
December 31, 2021				
Trade payables and other liabilities	1,084,505,581	1,729,935,949	16,110,127	2,830,551,657
Due to related parties	15,273,961	25,389,099	-	40,663,060
Loan payable to a related party	-	-	-	-
Borrowings and future interest payments	-	8,854,039,444	-	8,854,039,444
Bonds Payable and future interest payments		116,684,250	5,461,212,316	5,577,896,566
Lease liabilities and future interest payments	-	177,201,766	245,198,424	422,400,190
	1,099,779,542	10,903,250,508	5,722,520,867	17.725.550.917

The Parent Company, together with its related parties entered into surety agreements with local banks and a corporate guarantee with a foreign bank. The borrowings of the Company are covered by surety agreements and corporate guarantee agreements.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances equal their carrying balances, as the impact of discounting is not significant.

The Company believes that cash generated from its operating activities and current assets are sufficient to meet maturing obligations required to operate the business. The Company would also be able to meet unexpected cash outflows by accessing additional funding sources from local banks and related parties.

The Company expects to settle the above financial obligations in accordance with their maturity date. However, the Group may consider to roll-over short-term loans based on working capital requirements.

Capital management

The Company's objective when managing capital is to generate the maximum possible returns for its shareholders while taking on a manageable degree of risk ensuring that the Company will continue to expand business and manufacturing facilities.

In order to maintain or adjust the capital structure, the Company reviews its capital structure from time to time to assess the proper financing mix necessary to grow and sustain its operations. As a matter of policy, capital expenditures have been financed from internally-generated cash flow while working capital requirements will be augmented by short-term bank borrowings from time to time.

Earnings in excess of dividend distribution to shareholders have been continuously redeployed and reinvested in the growth of the Company's business. Each instance of expansion of manufacturing capacity and entry into new products and markets undergo a thorough evaluation process to ensure that such investments and marketing programs are in consonance with the Company's core competencies and would be enhancing, rather than diminishing, shareholder value in the long run.

As part of the reforms of the PSE to expand the capital market and improve transparency among listed firms, PSE required a minimum percentage of ten percent (10%) of the listed companies' issued and outstanding shares, exclusive of any treasury shares, to be held by the public. On May 31, 2017, the SEC issued a Memorandum Circular to increase the minimum percentage requirement to at least fifteen percent (15%) on or before the end of 2018 and then to at least twenty percent (20%) on or before the end of 2021. The Parent Company is compliant with respect to this requirement.

Total capital is equal to total equity (excluding any reserves) as shown in the consolidated statements of financial position.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Total equity	19,884,802,507	19,104,936,839
Reserves	(246,679,578)	(246,679,578)
	19,638,122,929.17	18,858,257,261

There are no changes to the Company's capital management policies as at March 31, 2022 and December 31, 2021.

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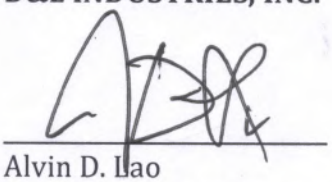
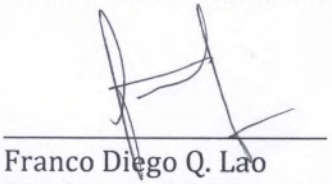
SIGNATURES

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

D&L INDUSTRIES, INC.



Alvin D. Lao
President & Chief Executive Officer



Franco Diego Q. Lao
Chief Financial Officer and Treasurer

May 10, 2022

ANNEX A

D&L Industries, Inc. and Subsidiaries
Unaudited Consolidated Statements of Financial Position
As at March 31, 2022 and December 31, 2021
(All amounts in Philippine Peso)

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	4,556,032,204	5,223,083,857
Receivables, net	5,496,560,062	5,338,691,748
Inventories, net	7,870,835,713	7,325,509,881
Due from related parties	114,823,697	108,686,787
Financial assets at fair value through profit or loss (FVPI	407,003,147	650,480,414
Prepayments and other current assets	4,009,837,169	3,139,624,408
Total current assets	22,455,091,993	21,786,077,094
Non-current assets		
Right of use (ROU) assets	345,887,904	382,653,460
Investments in equity securities at fair value through other comprehensive income (FVOCI)	208,000,979	198,000,979
Property, plant and equipment, net	9,227,010,136	8,431,481,393
Deferred income tax assets, net	76,308,361	55,966,965
Goodwill	3,367,846,840	3,367,846,840
Other non current assets	1,634,379,368	2,103,789,219
Total non-current assets	14,859,433,587	14,539,738,857
Total assets	37,314,525,580	36,325,815,951
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables and other liabilities	2,993,950,513	2,897,975,940
Lease Liabilities	365,372,830	163,757,878
Due to related parties	258,360,203	40,663,060
Borrowings	8,600,000,000	8,850,000,000
Income tax payable	212,087,999	45,032,050
Total current liabilities	12,429,771,546	11,997,428,928
Non-current liabilities		
Loan payable to a related party	-	-
Lease Liabilities - Non-current	-	236,951,645
Retirement benefit obligation	55,588,034	46,492,893
Long-term borrowings	4,944,363,494	4,940,005,642
Total non-current liabilities	4,999,951,527	5,223,450,181
Total liabilities	17,429,723,073	17,220,879,108
Equity		
Attributable to the owners of the Parent Company:		
Share Capital	7,142,857,990	7,142,857,990
Share Premium	3,255,166,445	3,255,166,445
Reserve for remeasurement on retirement benefit	124,206,351	124,206,351
Fair value reserve on investments in equity securities at FVOCI	122,473,227	122,473,227
Retained earnings	9,240,098,494	8,460,232,829
Total equity	19,884,802,507	19,104,936,842
Total liabilities and equity	37,314,525,580	36,325,815,951
	-	-

ANNEX B

D&L Industries, Inc. and Subsidiaries
Unaudited Consolidated Statements of Total Comprehensive Income
For three months ended March 31, 2022 and 2021
(All amounts in Philippine Peso)

	Three-month period ended Mar 31	
	2022	**2021**
Revenues		
Sales of goods, net	9,967,406,246	6,978,079,322
Service fees	28,175,794	25,919,010
	9,995,582,041	7,003,998,332
Cost of sales and services		
Cost of sales	(8,635,486,990)	(5,814,990,319)
Cost of services	(22,271,805)	(19,956,615)
	(8,657,758,795)	(5,834,946,934)
Gross profit	1,337,823,245	1,169,051,398
Selling and marketing expenses	(270,498,433)	(193,838,843)
General and administrative expenses	(127,467,994)	(106,469,929)
Other income, net	44,640,115	10,224,384
Operating profit	984,496,934	878,967,010
Finance costs	(31,401,617)	(32,688,027)
Profit before income tax expense	953,095,316	846,278,983
Provision for income tax	(173,229,651)	(151,379,801)
Profit for the period	**779,865,665**	**694,899,182**
Other comprehensive income	-	-
Total comprehensive income for the period	**779,865,665**	**694,899,182**
Profit for the period attributable to		
Owners of the parent Company	779,865,665	694,899,182
Earning per share		
Basic and diluted	0.11	0.10

ANNEX C

D&L Industries, Inc. and Subsidiaries
Unaudited Consolidated Statements of Cash Flows
For three months ended March 31, 2022 and 2021
(All amounts in Philippine Peso)

	Three-month period ended Mar 31	
	2022	2021
Cash flows from operating activities		
Profit before income tax expense	953,095,316	846,278,983
Adjustments for:		
Depreciation and amortization	100,750,681	104,582,295
Depreciation of ROU Asset	62,410,546	48,847,511
Interest expense on lease	3,152,449	3,708,047
Unrealized foreign exchange (gain) loss, net	9,172,763	(2,467,824)
Loss (Gain) on sale of property and equipme:	(413,335)	-
Loss on direct write-off of receivables	9,133,931	4,084,063
Unrealized gain on FV changes	(9,283,147)	(11,037,776)
Dividend income	(64,449)	-
Interest income	(1,786,881)	(5,557,075)
Interest expense	28,249,168	28,979,981
Operating income before working capital changes	1,154,417,042	1,017,418,204
(Increase) decrease in:		
Receivables	(188,762,386)	(300,428,763)
Due from related parties	(6,136,910)	(45,844,898)
Inventories	(545,325,832)	811,735,093
Prepayments and other current assets	(880,212,761)	(1,601,390,253)
Other non-current assets	469,409,852	7,261,698
(Decrease) increase in:		
Trade payables and other liabilities	95,906,340	218,658,478
Due to related parties	217,697,144	(311,257,222)
Cash generated from operations	316,992,488	(203,847,664)
Income taxes paid	(6,173,701)	8,450,012
Interest received	1,786,881	5,557,075
Net cash from operating activities	312,605,667	(189,840,577)
Cash flows from investing activities		
Dividend received	64,449	-
Acquisition of property and equipment	(896,279,424)	(755,157,426)
Investment in financial assets at fair value throug	252,760,414	22,904,144
Proceeds from disposal of property and equipme:	413,335	-
Net cash from (used in) investing activities	(643,041,225)	(732,253,282)
Cash flows from financing activities		
Availment / payment of borrowings, net	(250,000,000)	1,900,000,000
Lease payments	(60,981,684)	(27,036,885)
Interest paid from lease liabilities	(3,152,449)	(3,708,047)
Interest paid	(28,249,168)	(28,979,981)
Net cash used in financing activities	(342,383,301)	1,840,275,088
Net increase (decrease) in cash and cash equivale	(672,818,859)	918,181,229
Cash and cash equivalents, beginning	5,223,083,857	2,136,611,930
Effect of foreign exchange rate changes	5,767,207	2,467,824
Cash and cash equivalents, ending	4,556,032,204	3,057,260,983

ANNEX D

D&L Industries, Inc. and Subsidiaries
Unaudited Consolidated Statements of Changes in Equity
For three months ended March 31, 2022 and 2021

	Share Capital (Note 14)	Share premium	Reserve for remeasurement on retirement benefit	Fair value reserve on available-for-sale financial	Fair value reserve on PPE	Retained earnings			Total equity
						Other Charges to RE	Appropriated (Note 14)	Unappropriated	
Balances at January 1, 2021	7,142,857,990	3,255,166,445	76,332,175	110,750,822	-	-	500,000,000	6,681,821,459	17,766,928,891
Comprehensive income									
Profit for the year								694,899,182	694,899,182
Other comprehensive income for the year									-
Total comprehensive income for the year	-	-	-	-	-	-	-	694,899,182	694,899,182
Transactions with owners									
Declaration of cash dividend								-	-
Appropriation of retained earnings									-
Total transactions with owners	-	-	-	-	-	-	-	-	-
Balances at March 31, 2021	7,142,857,990	3,255,166,445	76,332,175	110,750,822	-	-	500,000,000	7,376,720,641	18,461,828,073

	Share Capital (Note 14)	Share premium	Reserve for retirement	Fair value assets	Fair value	Retained earnings			Total equity
						Other	Appropriated (Note 14)	Unappropriated	
Balances at January 1, 2021	7,142,857,990	3,255,166,445	124,206,351	122,473,227	-	-	500,000,000	7,960,232,829	19,104,936,842
Comprehensive income									
Profit for the year								779,865,665	779,865,665
Other comprehensive income for the year									-
Total comprehensive income for the year	-	-	-	-	-	-	-	779,865,665	779,865,665
Transactions with owners									
Declaration of cash dividend									-
Appropriation of retained earnings									-
Total transactions with owners	-	-	-	-	-	-	-	-	-
Balances at March 31, 2022	7,142,857,990	3,255,166,445	124,206,351	122,473,227	-	-	500,000,000	8,740,098,494	19,884,802,507

ANNEX E

The following table presents the segment information provided to the ManCom about the Group's business segments for the three-month periods ended March 31:

	Food ingredients	Colorant & Plastic Additives	Oleochemicals, resin and powder coatings	Aerosols	Managemnt and administrative	Eliminations	Total
Three-month period ended March 31, 2022							
External revenue	6,554,417,976	845,001,413	2,316,546,251	251,440,606	28,175,794	-	9,995,582,041
Intersegment sales	17,926,949	15,299,021	18,470,377	5,167,926	155,411,530	(212,275,803)	-
Total revenues	6,572,344,925	860,300,434	2,335,016,628	256,608,533	183,587,325	(212,275,803)	9,995,582,041
Segment result	273,901,177	227,268,831	364,242,270	66,848,638	5,145,956	2,449,946	939,856,818
General corporate income	20,111,364	7,643,033	14,210,415	66,251	48,957,051	(46,347,998)	44,640,115
Finance costs	(29,903,237)	(746,963)	(685,853)	(459,607)	(43,504,009)	43,898,052	(31,401,617)
income tax expense	(85,672,224)	(16,829,721)	(52,969,905)	(11,584,098)	(6,173,703)	-	(173,229,651)
Profit for the period	178,437,080	217,335,180	324,796,927	54,871,184	4,425,295	(0)	779,865,665
Three-month period ended March 31, 2021							
External revenue	4,203,579,214	794,772,661	1,694,275,660	285,451,786	25,919,010	-	7,003,998,332
Intersegment sales	110,538,124	22,315,017	19,280,229	12,202,660	141,422,238	(305,758,269)	-
Total revenues	4,314,117,338	817,087,679	1,713,555,890	297,654,447	167,341,248	(305,758,269)	7,003,998,332
Segment result	317,790,462	191,567,565	255,492,589	95,625,267	6,739,757	1,526,986	868,742,626
General corporate income	2,384,267	3,997,918	7,536,032	195,969	8,370,061	(12,259,863)	10,224,384
Finance costs	(31,321,480)	(1,918,650)	(5,545,560)	(697,104)	(3,938,110)	10,732,877	(32,688,027)
income tax expense	(69,628,418)	(12,332,787)	(50,095,153)	(15,857,839)	(3,465,603)		(151,379,801)
Profit for the period	219,224,831	181,314,046	207,387,908	79,266,292	7,706,105	0	694,899,182

ANNEX F

Other segment information are as follows:

	Food ingredients	Colorant & Plastic Additives	Oleochemicals, resin and powder coatings	Aerosols	Management and administrative	Total
as of March 31, 2022						
Segment assets	18,151,573,352	3,173,057,661	13,970,698,124	935,757,178	1,083,439,264	37,314,525,580
segment liabilities	9,532,773,843	462,291,746	2,087,616,115	201,788,287	5,145,253,082	17,429,723,073
Three-month period ended March 31, 2022						
Capital expenditures	574,808,563	5,427,625	355,313,799	3,042,511	33,689,915	972,282,413
Depreciation and Amortization	80,110,864	9,206,268	44,640,780	11,943,814	17,259,501	163,161,227
as of December 31, 2021						
Segment assets	17,569,639,567	2,725,263,562	13,724,573,721	724,872,330	1,581,466,770	36,325,815,950
segment liabilities	9,204,804,890	542,987,097	2,136,495,436	200,731,303	5,135,860,383	17,220,879,108
Three-month period ended March 31, 2021						
Capital expenditures	539,315,131	1,361,391	263,721,186	2,304,055	6,003,949	812,705,712
Depreciation and Amortization	63,078,918	22,660,044	41,119,567	9,790,158	16,781,119	153,429,806

Appendix 3

MINUTES OF THE MEETING OF THE STOCKHOLDERS OF
D&L INDUSTRIES, INC.
HELD VIA VIDEO CONFERENCE (ZOOM WEBINAR)
ON JUNE 7, 2021 AT 9:00 AM

ATTENDANCE:

TOTAL NUMBER OF SHARES PRESENT/REPRESENTED:	6,046,133,505*
ISSUED AND OUTSTANDING (NET OF TREASURY STOCK)	7,142,857,990
PERCENTAGE OF SHARES PRESENT /REPRESENTED	84.65%

**(By Proxy – 5,822,205,030 (81.51%); In Person – 223,928,475(3.13%))*

PROCEEDINGS OF THE MEETING

I. CALL TO ORDER

Mr. Yin Yong L. Lao, Chairman, called the meeting to order at exactly 9:00 AM and thereafter presided. The Corporate Secretary, Atty. Kristine Ann C. Catindig-Ong, recorded the minutes thereof.

All the directors of the Corporation were present in the meeting as well as the following directors and officers:

Chairman/Director	Mr. Yin Yong L. Lao
Chairman Emeritus	Mr. Dean L. Lao
Vice-Chairman/Director	Mr. John L. Lao
President and CEO/Director	Mr. Alvin D. Lao
Lead Independent Director	Atty. Mercedita S. Nolledo
Independent Director	Engr. Filemon T. Berba, Jr.
Independent Director	Dr. Lydia R. Balatbat-Echauz
Independent Director	Ms. Corazon S. de la Paz-Bernardo
Advisory Board	Mr. Dean L. Lao
Advisory Board	Mr. Leon L. Lao

Advisory Board	Mr. Alex L. Lao
Treasurer/CFO	Mr. Franco Diego Q. Lao
COO	Mr. Joselito P. Rivera
Corporate Secretary	Atty. Kristine Ann C. Catindig-Ong
Asst. Corp. Secretary	Ms. Ainslee Anne T. Lao
Compliance Officer	Mr. Franco Diego Q. Lao
Corporate Information Officer and Corporate Legal Counsel	Atty. Kristine Ann C. Catindig-Ong
Investment Relations Officer	Ms. Crissa Marie Bondad

Chair - Audit Committee (Ms. Corazon S. de la Paz-Bernardo)
Chair - Executive Committee (Mr. Dean L. Lao)
Chair - Nomination Committee (Mr. John L. Lao)
Chair - Remuneration Committee (Mr. Yin Yong L. Lao)
Chair – Corporate Governance Committee (Atty. Mercedita S. Nolledo)
Chair – Risk Oversight Committee (Engr. Filemon T. Berba, Jr.)
Chair – Related Party Transaction Committee (Ms. Lydia R. Balatbat-Echauz)

Representatives from the Stock Transfer Agent, Stock Transfer Service, Inc., and external auditor, Isla Lipana and Co. were also present to record the attendance and tally the votes on agenda items.

II. PROOF OF NOTICE

The Corporate Secretary certified that the Annual Shareholder's Meeting notices, notice of this meeting and definitive copies of the Information Statement were published via the Company's website and PSE Edge on May 14, 2021 in accordance with the SEC Notice dated April 20, 2020 providing for an alternative mode of distributing ASM notices, notice of this meeting and definitive copies of the Information Statement. The notice was also published in two (2) newspaper of general circulation, in print and digital format - In the Philippine Star and Philippine Daily Inquirer on May 13 and 14, 2021.

III. DETERMINATION OF QUORUM

The Corporate Secretary certified that based on the record of attendance, stockholders representing 6,046,133,505 shares or 84.65% of the total issued and outstanding capital stock of the Corporation (net of treasury stock) were present, either in person or by proxy, and that there was a quorum to consider the business stated in the agenda for the meeting.

IV. APPROVAL OF MINUTES OF PREVIOUS MEETING

On motion duly made and seconded, without any objection or questions, and taking into consideration that more than majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders approved the minutes of the annual stockholders' meeting held on September 18, 2020.

Prior to disclosure of the final tally of votes to the stockholders, stockholders were given a few more minutes to cast their votes on this agenda item through remote communication.

Summary of Votes for this matter is as follows:

VOTE	NUMBER OF VOTES
FOR	6,045,720,003 (84.63%)
AGAINST	0
ABSTAIN	0

V. APPROVAL, OF ANNUAL REPORT AND FINANCIAL STATEMENTS

Proceeding with the agenda, Mr. Alvin D. Lao, President and CEO, presented to the stockholders the Annual Report and the Audited Financial Statements as of December 31, 2020.

Mr. Alvin D. Lao reported a recurring net income of P2.0 billion or decrease of -23% primarily due to the effect of the Covid-19 Pandemic, which caused unprecedented economic disruption in the world. The President however, highlighted that the Corporation remained profitable all throughout the period as there was no month when net income was negative, even during the peak of the worst part of the Enhanced Community Quarantine during the month of April 2020. The foregoing shows the essential and highly-relevant nature of the Corporation's businesses, which cater to basic industries. The performance during extraordinary times when uncertainty was high also highlights resilience and operational adeptness.

Based on the results, the worst part seems over as recovery continued in 1Q2021 with recurring net income at P695 million, +35% Y-o-Y, +9 Q-o-Q. Including a one-time gain of P29 million related to the retroactive implementation of CREATE Act for the year 2020, total net income for the quarter stood at P724 million, up 41% YoY. All segments posted significant recovery YoY. The 1Q2021 income is tracking ahead of FY2019 income but slightly behind FY2018 income. Clearly, the Corporation and its customers have adjusted to the new normal.

Balance Sheet remains strong especially against the external pressures. Interest cover is at 30x, net debt at P4 billion.

On its strategic priorities, gross profit margin is at 17% (19% in 2019), Sales mix tilted towards commodities but the average margin for the High Margin Specialty Product (HMSP) category significantly bounced back in the 2nd half of 2020, reversing its drop during the worst of the lockdown period.

The President also reported its growing export business to complement its domestic market. For the 1Q2021, Export contribution to total sales reached a record high of 34%. The long term-goal is for export business to comprise 50% of total sales.

The Corporation continue to invest in research and development. The Corporation remains committed to the expansion

of its business with the construction of new facilities in FIT, Batangas in progress. The expansion facility will cater to the Corporation's growing export business and instrumental to its future growth as its plans to develop more high value-added coconut-based products and penetrate new international markets.

After the presentation, floor was opened for questions and there was no question with respect to the Annual Report and Audited Financial Statement as of 31 December 2020.

On motion duly made and seconded, without any objection or questions, and taking into consideration that more than majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders approved the Annual Report and the Audited Financial Statements of the Corporation as of 31 December 2020 included in the Annual Report.

Prior to disclosure of the final tally of votes to the stockholders, stockholders were given a few more minutes to cast their votes on this agenda item through remote communication.

Summary of Votes for this matter is as follows:

VOTE	NUMBER OF VOTES
FOR	6,044,891,503 (84.63%)
AGAINST	828,500 (0.01%)
ABSTAIN	0

VI. ISSUANCE OF PHILIPPINE PESO-DENOMINATED FIXED-RATE BONDS

The next item in the agenda was the issue, offer, and sale to the public by the Corporation of Philippine Peso-Denominated fixed-rate Bonds in the aggregate principal amount of up to Three Billion Pesos (Php3,000,000,000.00) with an over-subscription of up to Two Billion Pesos (Php2,000,000,000.00). The Board of Directors on March 15, 2021

approved the issuance of bonds. The details were also disclosed in the Information Statement and PSE EDGE.

On motion duly made and seconded, without any objection or questions, and taking into consideration that stockholders representing more than 2/3 of the outstanding capital stock of the Corporation have voted in favor of this agenda item, the stockholders approved and ratified the issue, offer, and sale to the public by the Corporation of Philippine Peso-Denominated fixed-rate Bonds in the aggregate principal amount of up to Three Billion Pesos (Php3,000,000,000.00) with an over-subscription of up to Two Billion Pesos (Php2,000,000,000.00).

Prior to disclosure of the final tally of votes to the stockholders, stockholders were given a few more minutes to cast their votes on this agenda item through remote communication.

Summary of Votes for this matter is as follows:

VOTE	NUMBER OF VOTES
FOR	6,044,874,503 (84.63%)
AGAINST	828,500 (0.01%)
ABSTAIN	0

VII. AMENDMENT TO MANAGEMENT AGREEMENTS

The next item on the agenda was the approval and ratification of amendments to existing management agreements and new management agreements. On March 2, 2021, the Board of Directors approved the amendment to the existing management agreements between the Company and its following subsidiaries and affiliates:

- Aero-Pack Industries, Inc.
- First in Colours, Incorporated
- Chemrez Technologies, Inc.

- Chemrez Product Solutions, Inc.
- Oleo-Fats, Incorporated
- FIC Marketing, Inc.
- Consumer Care Products, Incorporated
- FIC Tankers Corporation
- LBL Prime Properties Incorporated

New Management Agreements were also entered into by the Corporation and other subsidiaries and affiliates, namely:

- D&L Polymer & Colours, Inc.
- Best Value Factory Outlet Corp.
- Malay Resources, Inc. and
- Ecozone Properties, Inc.

Under the said new agreements, the Company will render management services for the said subsidiaries and affiliates for five (5) years.

On motion duly made and seconded, without any objection or questions, and taking into consideration that more than majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders approved the amendments to existing management agreements and new management agreements, as described above.

Prior to disclosure of the final tally of votes to the stockholders, stockholders were given a few more minutes to cast their votes on this agenda item through remote communication.

Summary of Votes for this matter is as follows:

VOTE	NUMBER OF VOTES
FOR	6,002,508,672 (84.04%)
AGAINST	22,404,185 (0.31%)
ABSTAIN	20,261,646 (0.28%)

VIII. RATIFICATION OF ACTS OF MANAGEMENT

The next item on the agenda was the approval and ratification of all acts of the Board and Management from the date of the last annual stockholders' meeting held on September 18, 2020 to date as well as the contracts and transactions entered into by the Corporation for the same period.

On motion duly made and seconded, without any objection or questions, and taking into consideration that more than a majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders ratified all acts of the Board and Management from the date of the last annual stockholders' meeting held on September 18, 2020 to date, as well as the contracts and transactions entered into by the Corporation for the same period, all as reflected in minutes of the Board Meetings, the Annual Report, and the Audited Financial Statements as of December 31, 2020.

Prior to disclosure of the final tally of votes to the stockholders, stockholders were given a few more minutes to cast their votes on this agenda item through remote communication.

Summary of Votes for this matter is as follows:

VOTE	NUMBER OF VOTES
FOR	6,043,368,703 (84.61%)
AGAINST	0
ABSTAIN	2,352,300 (0.03%)

IX. APPOINTMENT OF EXTERNAL AUDITORS

The next item in the agenda was the designation of the Corporation's external auditors. Pursuant to the By-Laws, and the recommendation of the Audit Committee, the nomination of Isla Lipana & Co. as external auditors was endorsed to the stockholders.

On motion duly made and seconded, without any objection or questions, and taking into consideration that more than a majority of the votes submitted to the Corporation already voted in favor of this agenda item, the stockholders approved the appointment of Isla Lipana & Co. as the Corporation's external auditors for the year 2021-2022.

Prior to disclosure of the final tally of votes to the stockholders, stockholders were given a few more minutes to cast their votes on this agenda item through remote communication.

Summary of Votes for this matter is as follows:

VOTE	NUMBER OF VOTES
FOR	5,938,592,503 (83.14%)
AGAINST	107,128,500 (1.50%)
ABSTAIN	0

X. ELECTION OF DIRECTORS

The Chairman thereafter opened nominations for directors to serve for the term 2021-2022. Pursuant to the By-Laws, the nominations of directors were based on the recommendations of the Nomination Committee. The stockholders were previously given until May 10, 2020 to submit nominations to the Nomination Committee. Only nominations of the seven (7) incumbent directors were submitted and evaluated during the given period. All nominees are found to possess all the qualifications and none of the disqualifications, prescribed for directors, including independent directors.

Based on the evaluation and recommendation of the Nomination Committee, the following individuals are nominated as directors:

1. Mr. Yin Yong L. Lao
2. Mr. John L. Lao

3. Mr. Alvin D. Lao

And the following as Independent Directors:

4. Atty. Mercedita S. Nolledo
5. Engr. Filemon T. Berba Jr.
6. Dr. Lydia R. Balatbat-Echauz
7. Ms. Corazon S. de la Paz-Bernardo

On proper motion duly seconded, unanimously approved, and without any objection, the nomination for directors was closed.

In view of the fact that there were only seven (7) nominees to the seven (7) seats, a motion was made, duly seconded, and unanimously approved without any objection for the above-named nominees/incumbent directors to be elected as Directors of the Corporation without need of ballot to serve as such for the term 2021-2022 and until their successors shall have been elected and qualified.

1. Mr. Yin Yong L. Lao
2. Mr. John L. Lao
3. Mr. Alvin D. Lao
4. Atty. Mercedita S. Nolledo
5. Engr. Filemon T. Berba Jr.
6. Dr. Lydia R.Balatbat-Echauz
7. Ms. Corazon S. de la Paz-Bernardo

Atty. Mercedita S. Nolledo, Engr. Filemon T. Berba Jr., Dr. Lydia R. Balatbat-Echauz and Ms. Corazon S. de la Paz-Bernardo were nominated and elected as Independent Directors.

XI. OTHER MATTERS

Declaration of Cash Dividends

The Chairman informed the stockholders that at the meeting of the Board of Directors held immediately before the stockholders'

meeting, the Board approved the declaration of cash dividends for stockholders of record as of June 21, 2021, Regular cash dividend of P0.141 per share and a special cash dividend of 0.050 per share, or a total of P0.191 per share, payable on July 15, 2021.

Shareholders will receive P0.191 dividends per share. This year's dividend, amounting to ₱1.36 billion, is equivalent to 68% of last year's net income.

Including this year's dividend, it was reported that the Company has returned a total of ₱11.5billion in cash to shareholders through cash dividends since the IPO in 12 December 2012.

Donation to the Lao Foundation, Inc.

The Chairman also reported that the Corporation, based on its previous resolution, has set aside and donated 1% of the net profits of the previous year (2020) to the Lao Foundation, Inc. For 2021, the Group has donated ₱20,919,185.62 to the Foundation.

The donation is part of the Company's social corporate responsibility and endeavors to empower the marginalized sector of the community through education, values formation, and livelihood programs.

XII. ADJOURNMENT

Prior to the adjournment, the Chairman inquired if there is any other query or matter that the stockholders might want to take up. Ms. Crissa Marie Bondad, the Corporation's Investment Relations Officer, read the questions that were sent via the Zoom chatbox and Q&A Platform.

A question was asked on the possibility of stopping or reducing dividend payments, with the money to be used for growth or to buy back shares. The President explained that they are aiming for a good

balance between the interest of shareholders, on how they treat them, and the requirements for operation of the Corporation. To put the declaration of dividend in its proper context, net gearing is at 22% and interest cover at 30x. Interest cover means the amount EBIT can cover interest expense. At present, debts levels are quite low and conservative. On the suggestion to buy back shares, the President said that it is something they can consider in the future but at this time, they deem it appropriate to give the cash to the shareholders.

On a similar question with respect to putting capital in acquisitions and related industries, the President explained that management is always on the lookout for opportunities.

The next question is how the management sees the company's performance in the next 2-3 years considering all the uncertainty brought about by Covid19. The President replied that based on their assessment, things are starting to look better. As reported, they saw improvements in 4Q2020, which is better than 4Q2019 (pre-pandemic). Likewise, the 1Q2021 is better than 1Q2020, most of which had no lockdowns. There are also bright spots with the expected vaccination roll out in the next few months. As of date, the government will already start with the vaccination of A4 Category to include those whose work requires them to be outside their homes.

Customers such as those in the restaurant and hospitality business continue to be affected but things are looking more optimistic as the economy continues to open up and recover.

Another question was asked on the reason for investing in UITF. The President explained that management wants to maximize interest on cash at hand and UITF has better interest rate as compared to the interest rates in other avenues. Also, unlike in time deposit, cash put in UITF is easily available when you need it.

Finally, a question was asked on how the Corporation plans on adapting to the new normal. In reply, management highlighted the importance of being proactive and being able to react fast, mindful

that not only is change constant, but even the rate of change is changing. The President also reiterated the construction of the FIT expansion plant in Batangas.

There being no other query, the meeting, on motion duly made and seconded, was adjourned at about 10:25 AM.

KRISTINE ANN C. CATINDIG-ONG
Corporate Secretary

ATTEST:

YIN YONG L. LAO
Chairman

YIN YONG L. LAO
Nominee for Director

Age: 69

Education: Bachelor of Arts in General Studies
Ateneo de Manila University

Affiliations:

Aero-Pack Industries, Inc. (Director)
Chemrez Technologies, Inc. (Director)
Chemrez Product Solutions, Inc. (Director)
Oleo-Fats, Incorporated (Director)
First in Colours, Incorporated (Director)
Palmera Resources, Inc. (Director)
LBL Prime Properties Incorporated (Director)
Malay Resources, Inc. (Director)
Ecozone Properties, Inc. (Director)
Anonas LRT Property and Dev't. Corp. (Director)
Hotel Acropolis, Inc. (Director)
Star Anise Properties Corporation (Director)
Lao Foundation, Inc. (Trustee)
Association of Petrochemical Manufacturers of the Phils. (Trustee)

JOHN L. LAO
Nominee for Director

Age: 67

Education: Bachelor of Science in Business Administration
University of the East

Affiliations:

Aero-Pack Industries, Inc. (Director)
Chemrez Technologies, Inc. (Director)
Chemrez Product Solutions, Inc. (Director)
Oleo-Fats, Incorporated (Director)
First in Colours, Incorporated (Director)
D&L Polymer & Colours, Inc. (Director)
Natura Aeropack Corporation (Director)
LBL Prime Properties, Inc. (Director)
Malay Resources, Inc. (Director)
Ecozone Properties, Inc. (Director)
Anonas LRT Property and Dev't Corp. (Director)
Hotel Acropolis, Inc. (Director)
Star Anise Properties Corporation (Director)
Lao Foundation, Inc. (Trustee)

ALVIN D. LAO
Nominee for Director

Age: 50

Education: Master Degree in Business Administration
MIT Sloan School of Management
Cambridge, MA

Bachelor of Science in Information Technology
University of Western Australia
Perth, Western Australia

Affiliations:

Axis REIT (Director)
First in Colours, Incorporated (Director)
D&L Polymer & Colours, Inc. (Director
FIC Tankers Corporation (Director)
Jadel Research Center, Incorporated (Director)
Ecozone Properties, Inc. (Director)
Anonas LRT Property and Dev't Corp. (Director)
Hotel Acropolis, Inc. (Director)
Star Anise Properties Corporation (Director)
Lao Foundation, Inc. (Trustee)

MERCEDITA S. NOLLEDO
Nominee for Independent Director

Age: 81

Profession: Lawyer
Certified Public Accountant

Education: Bachelor of Laws
Cum Laude
University of the Philippines

Bachelor of Science in Business Administration
Magna Cum Laude
University of the Philippines

Affiliations:

Ayalaland Commercial REIT, Inc. (Director)
Anvaya Cove Beach & Nature Club (Director)
BPI Investment Management, Inc. (Director)
Michigan Holdings, Inc. (Director)
Sonoma Properties, Inc. (Director)
Xurpas, Inc. (Director)
Ayala Foundation, Inc. (Trustee)
BPI Foundation, Inc. (Trustee)
Ayala Land, Inc. (Member, Advisory Board)
Bank of the Philippine Islands (Member, Advisory Board)

FILEMON T. BERBA JR.
Nominee for Independent Director

Age: 84

Profession: Engineer

Education: Masters of Business Administration
With Distinction
Wharton School of the University of Pennsylvania

Bachelor of Science in Electrical Engineering
Magna Cum Laude
University of the Philippines

Affiliations:

Philippine Foundation for Science and Technology (Chairman)
Philippine Quality Award Foundation (Trustee)

CORAZON S. DE LA PAZ-BERNARDO
Nominee for Independent Director

Age: 81

Profession: Certified Public Accountant

Education: Masters in Business Administration
Cornell University, New York

Bachelor in Business Administration
(Magna Cum Laude)
University of the East

Affiliations:

Republic Glass Holdings Corporation (Independent Director)
Roxas & Company, Inc. (Independent Director)
Del Monte Philippines, Inc. (Independent Director)
Phinma Education Holdings Inc. (Independent Director)
PLDT, Inc. (Adviser To The Board Audit Committee)
BDO Unibank, Inc. (Adviser To The Board and Audit Committee)
MFI Polytechnic Institute, Inc. (Treasurer & Trustee)
Laura Vicuna Foundation for Street Children (Asst. Treasurer & Trustee)
Jaime V. Ongpin Foundation, Inc. (Vice Chair & Trustee)
Jaime V. Ongpin Microfinance Foundation (Chairman)
Miriam College (Trustee)
University of the East (Independent Trustee)
UE Ramon Magsaysay Memorial Medical Center (Independent Trustee)

LYDIA R. BALATBAT-ECHAUZ
Nominee for Independent Director

Age: 74

Education: Doctor of Business Administration
De La Salle University

Master of Business Administration
Ateneo de Manila University

AB Economics and Mathematics
St. Theresa's College

Affiliations:

Meralco (Independent Director)
Pilipinas Shell Petroleum Corp. (Independent Director)
PLDT Beneficial Trust Fund (Director)
Philstar Group (Director)
BusinessWorld Publishing Corporation (Director)
Riverside College Inc. (Director)
Fern Realty Corp. (Director)
NBS College (Director)
Tahanan Mutual Building and Loan Association, Inc. (Director)
SM Foundation, Inc. (Trustee)
Felicidad T. Sy Foundation, Inc. (Trustee)
Henry Sy Foundation, Inc. (Trustee)
Mano Amiga Academy (Trustee)
Akademyang Filipino Asso., Inc. (Trustee)
Museo del Galeon, Inc. (Trustee)
DLS College of St. Benilde (Truestee)

APPENDIX 4-1

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **MERCEDITA S. NOLLEDO**, Filipino, of legal age and a resident of Unit 16A Urdaneta Apts., 6735 Ayala Avenue, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of D&L INDUSTRIES, INC. and have been its independent director since April 2016.

2. I am affiliated with the following corporations or organizations (including Government Owned and Controlled Corporations):

Company Organization	Position Relationship	Period of Service
Ayala Foundation, Inc.	Trustee	Since 1995
Ayala Land, Inc.	Member Advisory Board	Since 2014
Ayalaland Commercial REIT, Inc.	Director	Since Sept. 2010
Anvaya Cove Beach & Nature Club	Director	Since 2005
BPI Foundation, Inc.	Trustee	Since 1994
BPI Investment Management, Inc.	Chairman	Since June 1995
Michigan Holdings, Inc.	Director	Since May 2000
Sonoma Properties, Inc.	Vice President	Since 2005
Xurpas, Inc.	Director	Since Nov. 2001
Bank of the Philippine Islands	Member Advisory Board	Since May 2021

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of D&L Industries, Inc. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of D&L Industries, Inc. or any of its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not an officer or director of or affiliated with any government agencies or Government-Owned and Controlled Corporations.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of D&L Industries, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this MAY 10 2022, at Quezon City.

MERCEDITA S. NOLLEDO
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of MAY 10 2022 at QUEZON CITY, affiant personally appeared before me and exhibited to me her Passport ID No. P4370860A issued at DFA Manila and expiring on September 13, 2022.

Doc. No. 392;
Page No. 79;
Book No. XXI;
Series of 2022.

ATTY. KRISTINE ANN C. CATINDIG
NOTARY PUBLIC for QUEZON CITY
Adm. Matter No. NP-092, Until Dec. 31, 2022
No. 65 Industria St., Bagumbayan, QC
PTR No. 2443924, 1-4-22, QC / IBP No. 183278, 1-3-22, QC
TIN NO. 210-016-964 / ROLL NO. 52735
MCLE No. VI - 0022626, 4-2-2019

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **LYDIA R. BALATBAT-ECHAUZ**, Filipino, of legal age and a resident of 836 Torres Street Addition Hills, Mandaluyong, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of D&L INDUSTRIES, INC. and have been its independent director since April 2017.

2. I am affiliated with the following companies or organizations:

COMPANY ORGANIZATION	POSITION	PERIOD OF SERVICE
SM Foundation, Inc.	Trustee	Since 1994
PLDT Beneficial Trust Fund	Director	Since 2013
Philstar Group	Director	Since 2013
BusinessWorld Publishing Corporation	Director	Since 2013
Riverside College Inc.	Director	Since 2015
Fern Realty Corp.	Director	Since 2002
Henry Sy Foundation, Inc.	Trustee	Since 2014
Felicidad T. Sy Foundation, Inc.	Trustee	Since 2014
Mano Amiga Academy	Trustee	Since 2016
NBS College	Director	Since 2017
Pilipinas Shell Petroleum Corp. (PLC)	Director	Since 2017
Akademyang Filipino Association, Inc.	Trustee	Since 2013
Museo del Galeon, Inc.	Trustee	Since 2013
Tahanan Mutual Building and Loan Association, Inc.	Director	Since 2019
DLS College of St. Benilde	Trustee	Since 2018
Meralco (PLC)	Director	Since 2021

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of D&L Industries, Inc. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of D&L Industries, Inc. or any of its subsidiaries and affiliates.

5. I am not the subject of any criminal/administrative investigation or proceeding.

6. I am not an officer or director of or affiliated with any government agencies or Government-Owned and Controlled Corporations.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of D&L Industries, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this _____ day of MAY 10 2022 at Quezon City.

LYDIA R. BALATBAT-ECHAUZ
Affiant

SUBSCRIBED AND SWORN to before me this MAY 10 2022 at Quezon City, affiant personally appeared before me and exhibited to me her SC ID No. 10438 issued on October 2, 2007 at Mandaluyong City.

Doc. No. 383;
Page No. 78;
Book No. XX;
Series of 2022.

ATTY. KRISTINE ANN C. CATINDIG
NOTARY PUBLIC for QUEZON CITY
Adm. Matter No. NP-092, Until Dec. 31, 2022
No. 65 Industria St., Bagumbayan, QC
PTR No. 2443924, 1-4-22, QC / IBP No. 183278, 1-3-22, QC
TIN NO. 210-016-964 / ROLL NO. 52735
MCLE No. VI - 0022626, 4-2-2019

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **FILEMON T. BERBA, JR.**, Filipino, of legal age and a resident of Unit 8 Gardenia Drive, Beverly Hills, Antipolo City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of D&L INDUSTRIES, INC. and have been its independent director since December 2012.

2. I am affiliated with the following corporations or organizations (including Government Owned and Controlled Corporations):

Company Organization	Position Relationship	Period of Service
Philippine Foundation for Science and Technology	Chairman President	2018 - present 2005 - 2018
Philippine Quality Award Foundation	President Emeritus	2003- present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of D&L Industries, Inc. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of D&L Industries, Inc. or any of its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not an officer or director of or affiliated with any government agencies or Government-Owned and Controlled Corporations.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of D&L Industries, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this MAY 10 2022, at Quezon City.

FILEMON T. BERBA, JR.

SUBSCRIBED AND SWORN to before me this _____ day of MAY 10 2022 at QUEZON CITY, affiant personally appeared before me and exhibited to me his Senior ID No. 1007454 issued in Antipolo City on July 12, 2010.

Doc. No. 384;
Page No. 78;
Book No. XXI;
Series of 2022.

ATTY. KRISTINE ANN C. CATINDIG
NOTARY PUBLIC for QUEZON CITY
Adm. Matter No. NP-092, Until Dec. 31, 2022
No. 65 Industria St., Bagumbayan, QC
PTR No. 2443924, 1-4-22, QC / IBP No. 183278, 1-3-22, QC
TIN NO. 210-016-964 / ROLL NO. 52735
MCLE No. VI - 0022626, 4-2-2019

CERTIFICATION OF INDEPENDENT DIRECTOR

I, CORAZON S. DE LA PAZ-BERNARDO, Filipino, of legal age and a resident of Unit 24A, Lorraine Tower, The Proscenium, Rockwell Center Makati, Estrella Street, Makati City 1211, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of D&L INDUSTRIES, INC. and have been its independent director since April 2017.

2. I am affiliated with the following corporations or:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
MFI Polytechnic Institute, Inc.	Trustee/Treasurer	1989 To Present
Laura Vicuna Foundation For Street Children	Trustee/Assistant Treasurer	1990 To Present
Jaime V. Ongpin Foundation, Inc.	Trustee Vice Chairperson	1991 To Present 2013 To Present
Jaime V. Ongpin Microfinance Foundation	Chairman	2017 To Present
Miriam College	Trustee	1998 To Present
PLDT, Inc.	Adviser To The Board Audit Committee	2004 To Present
BDO Unibank, Inc.	Adviser To The Board and Audit Committee	2012 To Present
University of the East	Independent Trustee	2007 To Present
UE Ramon Magsaysay Memorial Medical Center	Independent Trustee	2007 To Present
Republic Glass Holdings Corporation *	Independent Director	2012 To Present
Roxas & Co. *	Independent Director	2013 To Present
Del Monte Philippines, Inc.	Independent Director	2018 To Present
Phinma Education Holdings Inc.	Independent Director	January 2020 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **D&L INDUSTRIES, INC.** as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

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*Publicly listed companies

4. I am not related to any director/officer/substantial shareholder of D&L Industries, Inc. or any of its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of D&L Industries, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this MAY 10 2022 at QUEZON CITY.

CORAZON S. DE LA PAZ-BERNARDO
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of MAY 10 2022 at QUEZON CITY. Affiant personally appeared before me and exhibited to me her SSS ID No. 03-0560063-9.

Doc. No. 785;
Page No. 79;
Book No. XXI;
Series of 2022.

ATTY. KRISTINE ANN C. CATINDIG
NOTARY PUBLIC for QUEZON CITY
Adm. Matter No. NP-092, Until Dec. 31, 2022
No. 65 Industria St., Bagumbayan, QC
PTR No. 2443924, 1-4-22, QC / IBP No. 183278, 1-3-22, QC
TIN NO. 210-016-964 / ROLL NO. 52735
MCLE No. VI - 0022626, 4-2-2019

APPENDIX 5

Stock Transfer Service Inc.
D & L INDUSTRIES, INC.
Stockholder MasterList
As of 05/13/2022

Count	Name	Holdings
1	ALEX L. LAO	32,579,888
2	CHARITO C. ALFARO	76,000
3	JONAS PAUL L. ALFARO	76,000
4	ALFRED REITERER	2
5	ALLVEE UNITED, INC.,	95,524,564
6	ALVIN D. LAO ITF BIANCA GABRIELLE S. LAO	500,000
7	ALVIN D. LAO ITF LUCAS JUSTIN SY LAO	500,000
8	VIRGILIO C. ANG	60,000
9	ANGELICA DIANE B. MONTEZA	600
10	JOHNEL B. ARRIOLA	15,000
11	JOHNEL B. ARRIOLA	15,000
12	JOHNEL BONTIGAO ARRIOLA	35,000
13	MORIS P. BAUTISTA	20,000
14	EDUARDO S. BAYACA	55,000
15	BERNARD SO CHUA CHIACO ITF CHRYSTEL BERNICE GO CHUA CHIACO	5,000
16	BERNARD SO CHUA CHIACO ITF: BRYCE CALEB G. CHUA CHIACO	5,000
17	BILLY JOHN ESCARCHA SIA	25,000
18	CRISSA MARIE U. BONDAD	300,000
19	BOTSCHAFT N. CHENG OR SEVILA NGO	1
20	GERBERT G. BOY	3,000
21	ELMER C. BRILLO	60,000
22	JUAN CARLOS V. CABREZA	100
23	MARIETTA V. CABREZA	100
24	MARJON GUTIERREZ CARLOS	20,000
25	MICHELLE DELA CRUZ CAUMERAN	10,000
26	CEE INDUSTRIES INC.,	113,139,897
27	CESAR B. BAUTISTA	2
28	VALIANT G. CHING	15,000
29	CHS CAPITAL HOLDINGS CORP.	200,000
30	DONNABELLE W. CHUA	65,000
31	EMILY CHUA	1,649,400
32	DAVID O. CHUNG	30,000
33	CRISTINA C. PERTIERRA	250,000
34	BANSON C. CUATICO	20,000
35	BANSON CO CUATICO	10,000
36	ROMMEL S. DE VERA	6,000
37	MARIZ GEM R. DECAL	5,000
38	MARILYN V. DELA CRUZ	5,000
39	MARILYN V. DELA CRUZ	40,000
40	DELA PAZ-BERNARDO, CORAZON S.	100
41	RONELIO C. DELOS REYES	15,000
42	MIGUEL ANTONIO G. DELOS SANTOS	25,000
43	DIM SHIRLEY OR SY IVIE MAE	1,000,000
44	DONNABELLE LIM WONG	200,000
45	ANNABELLE CRUZ DUQUES	50,000
46	LYDIA B. ECHAUZ	5,000
47	LEONCIO T. EGRUBAY	40,000
48	ELVIRA M. CRUZ OR BERNARDO A. CRUZ	7,000
49	ELVIRA M. CRUZ OR BERNARDO CRUZ	3,000
50	ADAMNEVILLE F. ESLETA	13,000
51	ZELDALYN V. ETCOY	8,000

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Count	Name	Holdings
52	FEDERICO FRANCO REMO	16,000
53	FILEMON BERBA	200,000
54	FILEMON T. BERBA JR.,	2
55	JAEL MAE C. GAPUZ	35,000
56	MARK ANTHONY J. GARCIA	14,000
57	GLENN C. APOSTOL	210,000
58	ERNESTO C. GO	15,000
59	GREWAL, BEANT SINGH	38,000
60	GERARDO C. GUANLAO	40,000
61	GERARDO REYMUNDO C. GUANLAO	30,000
62	HECTOR A. SANVICTORES	4,000
63	MARY QUEL F. HERNANDEZ	5,000
64	RONILO V. HUERTO	15,000
65	MARY JOAN L. ILAO-ANTE	14,000
66	IRIS VERONICA G. LIM	35,000
67	IVIE MAE D. LAO ITF MARC AARON LAO SY	500,000
68	IVIE MAE D. LAO ITF MATTHEW SEAN LAO SY	502,000
69	IVIE MAE DIM LAO ITF MARC AARON LAO SY	6,000
70	IVIE MAE DIM LAO ITF MATTHEW SEAN LAO SY	2,500
71	JADANA INC.,	98,141,822
72	JADEL HOLDINGS CO., INC.,	3,930,114,072
73	JOAN P.TAN OR FRANCISCO C. TAN JR.	150,000
74	JOHN L. LAO	65,987,202
75	JULIUS VICTOR EMMANUEL D. SANVICTORES	1,000
76	YVONNE KEH	2,246,500
77	KRISTINE ANN CARPENA CATINDIG	220,000
78	DEAN LAO JR.,	1,023,000
79	AINSLEE ANNE TAN LAO	676,000
80	ALVIN D. LAO	1,761,300
81	CHRIS NICHOLAS T. LAO	698,000
82	EMMANUEL JOSHUA TAN LAO	587,200
83	ERIKA FRANCES T. LAO	673,000
84	FRANCO DIEGO LAO	823,000
85	IVIE MAE D. LAO	50,000
86	IVIE MAE DIM LAO	3,125,000
87	JANCIS ANNE Q. LAO	723,000
88	JANET WOOISEE LAO	810,000
89	JILL ADRIANNE TAN LAO	578,000
90	JOHN T. LAO	1,000
91	JOYCE ANNE TAN LAO	623,000
92	JULIAN JACOB T. LAO	698,000
93	LESTER A. LAO	823,000
94	SHIRLYN ANG LAO	616,000
95	VINCENT D. LAO	823,000
96	YVETTE ANN D. LAO	573,000
97	MARILYN C. LIMBANG	3,000
98	DONDI RON R. LIMGENCO	111
99	MARICOR V. LUCIDO	10,000
100	JOSE ROWELL E. MACABANTI	9,000
101	EVERT P. MACHADO	20,000
102	EVERT P. MACHADO	40,000

Count	Name	Holdings
103	EVERT P. MACHADO	20,000
104	EVERT PANGANIBAN MACHADO	20,000
105	MARIFE M. MADDAWIN	35,000
106	MARIFE MABAZZA MADDAWIN	60,000
107	ALDRIN R. MAGPANTAY	15,000
108	ALDRIN R. MAGPANTAY	45,000
109	MERRY ROSE N. MALIPOL	7,000
110	MAO CORPORATE HOLDINGS, INC.	1,000,000
111	TRISHA MAE A. MARCELO	10,000
112	ELSIE T. MARINO	30,000
113	ADELA O. MARZAN	40,000
114	ADELA O. MARZAN	60,000
115	JANETTE R. MATEO	12,000
116	MATTHEW HIPOLITO FLORO TANJUAKIO	32,000
117	RAMON ANGELO L. MERCADO	35,000
118	MONACO HOLDINGS, INC.	500,000
119	JULIETA M. NAPIZA	15,000
120	JULIETA M. NAPIZA	50,000
121	NAPOLEON LIM TAN	100,000
122	MERCEDITA S. NOLLEDO	100,000
123	NOREEN ANNE LAO OR JOYCE ANNE TAN LAO	580,000
124	NSJS REALTY & DEVELOPMENT CORPORATION	10,000
125	OWEN NATHANIEL S. AU	20
126	CHENY R. PALENCIA	1,000
127	MICHAEL S. PANGAN	20,000
128	MICHAEL S. PANGAN	65,000
129	PCD NOMINEE CORPORATION (FILIPINO)	1,548,768,637
130	PCD NOMINEE CORPORATION (NON-FILIPINO)	992,767,715
131	CLARISSA M. PENALOSA	30,000
132	CLARISSA M. PENALOSA	90,000
133	CLARISSA MONTENEGRO PENALOSA	30,000
134	PRIME SPIN INC.,	80,146,296
135	RAYMOND YASSER N. CHIO	5,000
136	DEANNE KIMBERLY C. REYES	2,000
137	JULIANA U. REYES	30,000
138	JOSELITO DELA PAZ RIVERA	150,000
139	JOSELITO DP RIVERA	50,000
140	AMORSOLO M. ROSARIO	280,000
141	AMORSOLO MONTOYA ROSARIO	50,000
142	ROMERICO Q. SALAS	12,000
143	GERARDO L. SALGADO	8
144	SONIA D. SALVADOR	80,000
145	SONIA D. SALVADOR	25,000
146	SONIA DIZON SALVADOR	25,000
147	REYNALDO A. SANTAMARIA	80,000
148	CRISTINA L. SANTOS	5,000
149	SHAREHOLDERS ASSOCIATION OF THE PHILIPPINES, INC.	100
150	SHENZHEN E-TALK CULTURE TECHNOLOGY INC. LTD	3,200
151	BILLY JOHN SIA	25,000
152	BILLY JOHN SIA	65,000
153	HENRY SIY	25,000

Count	Name	Holdings
154	HENRY SIY	75,000
155	JEHANNE TABITHA UY SIY	50,000
156	JOAN TIFFANY UY SIY	50,000
157	JOHN TOLENTINO SIY	100,000
158	SMARTWORKS TRADING CO., INC.,	118,828,450
159	ANGELA MAE J. SY	20,000
160	JOHN ANTHONY Y. SY	80,000
161	JOHN ANTHONY YU SY	40,000
162	FRANCISCO C. TAN	50,000
163	JOAN P. TAN	20,000
164	PRINCETON TAN	20,000
165	PRINCETON TAN	60,000
166	PRINCETON ANG TAN	20,000
167	RAMON DC. TANIOLA	25,000
168	RAMON DELA CRUZ TANIOLA	25,000
169	RAMON DELA CRUZ TANIOLA	75,000
170	LEONARDO A. TAPIA	25,000
171	LEONARDO A. TAPIA	100,000
172	JANINE G. TUMARA	9,000
173	VICTOR CO AND/OR ALIAN CO	100
174	MYRNA P. VILLANUEVA	1,000
175	MYRA P. VILLANUEVA	7,500
176	MILAGROS P. VILLANUEVA	1,000
177	VINCENT D. LAO ITF LORENZO VINCE TAN LAO	1,000,000
178	VITAL VENTURES MANAGEMENT CORPORATION	40,000
179	YIN YONG L. LAO	32,993,601
180	YVETTE ANN DIM LAO ITF KYLE ZACHARY LAO CHUA-UNSU	1,000,000
181	YVETTE ANN DIM LAO ITF STELLA KATHLYN LAO CHUA-UNSU	1,000,000
182	YVONNE ONG -CHUA KEH ITF MITCHELL JONATHAN KEH STEWART	270,000
183	YVONNE ONG-CHUA KEH ITF ABIGAIL JANET KEH STEWART	270,000
	Total Stockholders :	7,142,857,990